



Gariep Local Municipality:

5 Year LED Plan



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November 2009

EXECUTIVE SUMMARY OF THE GARIEP LED PLAN

INTRODUCTION

The Gariep Local Municipality Local Economic Development (LED) Plan is a document that provides guidance and direction on how improve the state of the regional economy, through the identification of key economic opportunities and the development of a detailed strategic framework used to implement the identified opportunities. In terms of the National LED Framework a LED Pan is needed to:

- Provide direction to the LED unit
- To emphasize the role of the entire municipality in terms of LED
- To set LED targets that are aligned to national and provincial priorities
- Coordinate efforts of private and public sector stakeholders in LED
- To inform the municipalities IDP (as the LED Plan is a sector plan of the IDP)

The objective of the LED Plan is therefore to identify economic potential in the Gariep Local Municipality and develop a plan of action to exploit these opportunities.

The Gariep LED Plan comprises of two reports namely:

- Situation Analysis Report
- Strategic Framework Report

SITUATION ANALYSIS

The Gariep Local Municipality is situated in the west of the Ukhahlamba District Municipality and is bordered by the Free State Province, Maletswai Local Municipality, the Chris Hani District Municipality and the North Cape. The Orange River separates Gariep from both the Northern Cape and the Free State Provinces. The municipality had a population of 34,242 in 2007 and spans an area of 8,922.2 km². The main towns being Burgersdorp, Oviston, Steynsburg and Venterstad.

Policy Framework

A policy review was the first step undertaken, in order to ensure that any subsequent processes would be based on, and align to, national, provincial, and district strategies and policies. Several policies and strategies were consulted summarised. The following recurring themes were incorporated into the Gariep LED Plan development process:

- The need for interventionist policies that are targeted at sectors such as tourism, agriculture and agro-processing.
- How local economic development should focus on identifying and exploiting an areas competitive advantage
- The focus on Small, Medium and Microenterprises (SMMEs) as vehicles for growth and job creation.

Institutional Profile

The Gariep Local Municipality faces a number of institutional constraints including high staff vacancy rates (only 44% of positions that appear on the Gariep organogram are filled), high dependency on external funds for staffing, inadequate skills development both within the municipality and the community as a whole and the lack adequate financial resources. Furthermore while the municipality has a LED unit it is only staffed by one individual who is

also responsible for Integrated Development Planning. The existence of these constraints can have a negative impact on the successful implementation of the Gariiep Local Municipalities development mandate.

Environmental Profile

The Gariiep Local Municipality has a fairly diverse vegetation and is home to three distinct vegetation types, one of which – Eastern Mixed Nama Karoo – is recognised as a nationally significant biome. Due to the prevailing soil and rain type, the municipality is not suitable for the large scale production of crops. Crop farming however can still occur in areas under irrigation from the Orange River. The land capacity and soil composition also makes the area very susceptible to degradation particularly if overgrazing also occurs.

Socio-Economic Profile

The Gariiep Local Municipality struggles with a high unemployment rate with only 28% of the population being employed. A large proportion of the population earns no income. The region also experiences low levels of household income, with 63% of its population living below the poverty line (i.e. less than R800 a month).

The educational attainments of the population are very poor, with the majority (65.3%) of residents having never attended school or completed primary school. As a result only 6% of the population has completed matric. The economy is based heavily on unskilled and semi-skilled employment. This impedes the development of more advanced industries which rely on semi-skilled and skilled labour. The labour pool is made up of very few skilled professionals

Economic Profile

In the Gariiep Local Municipality, the GGP growth rate has increased impressively between 2004 and 2007, averaging 1.9% over this period. It should however be noted that this growth is calculated off a low base. The economy is skewed towards non-productive economic sectors, mainly government and community services.

The main characteristics of the sectoral employment are a declining agricultural, and trade sectors. The labour intensive agricultural sector is the second most important employer and the single largest private sector employer in Gariiep. The predominance of agriculture is in line with the low levels of skills and training in the Gariiep Local Municipality. The community and government services sectors are important employers, with the majority of the areas employment in the public sector. This is a negative characteristic as it indicates a dependence on government initiatives and an under developed private sector.

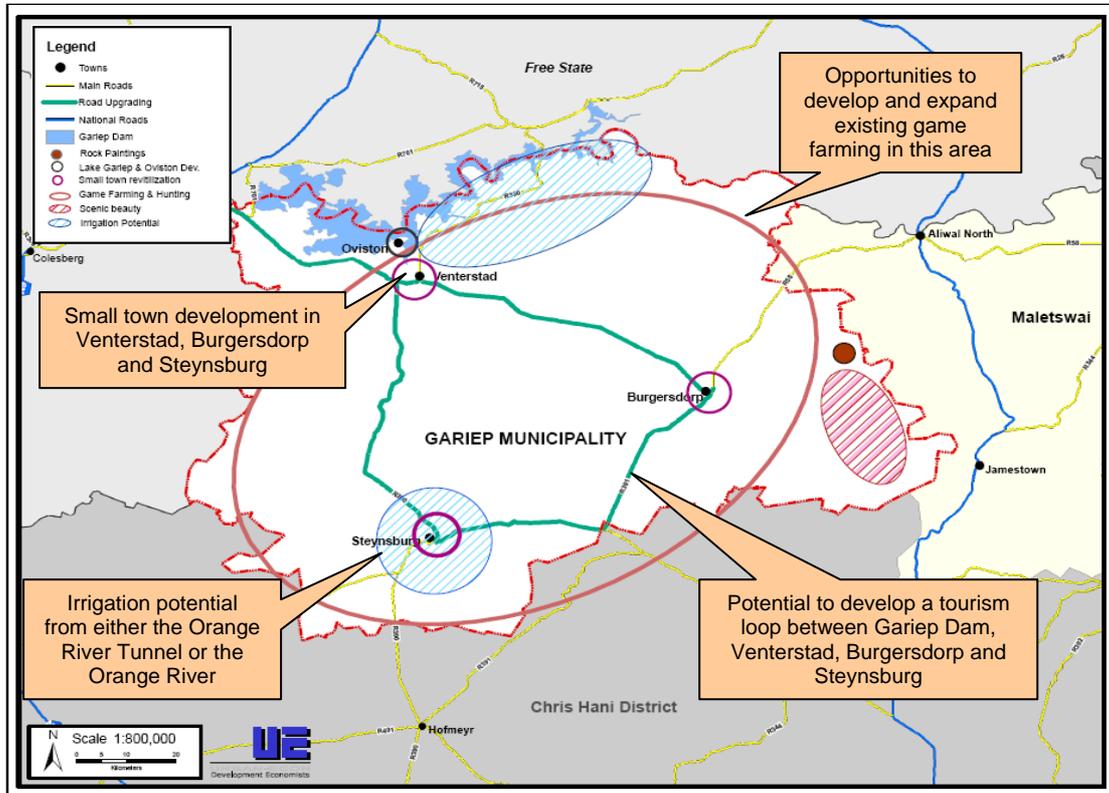
Infrastructure Profile

The infrastructure in Gariiep is relatively well developed. However, a number of challenges still exist, both in terms of the provision of basic services and investment in infrastructure for the creation of an environment conducive for local economic development. The continual upgrade and maintenance of roads throughout Gariiep is critical to ensuring the local municipalities competitiveness, as well as to encourage the introduction of new business to the area. Both residents and business in Gariiep regularly complain of the inadequate roads and it should therefore be the municipalities' chief infrastructural priority.

Economic Potential

Economic potential was assessed based on the outcomes of stakeholder meetings and research conducted by the service provider. Figure 1 shows some of the opportunities identified for the Gariep Local Municipality.

Figure 1: Identified Opportunities



Development potential lies in the areas of agriculture, tourism and government programmes. Tourism should focus on key areas such as the Gariep Dam and historical sites like Burgersdorp. Agricultural potential lies in expanding the hunting industry as well as using water accessed from the Orange River for irrigation.

The development focus is on SMME support, infrastructure maintenance along priority routes, the development of a tourist route and agricultural sector development and the expansion of government led poverty alleviation projects into viable businesses.

STRATEGIC FRAMEWORK

The Strategic Framework provides structured plan on how to exploit the opportunities identified in the Situation Analysis. The strategic framework sets out how the Gariep LED Plan is to be implemented through the following elements

- Vision and Mission
- Objectives
- Strategic pillars
- Projects

The components of the strategy were defined through brainstorming workshops with stakeholders and interdisciplinary workshops between the service provider and peer advisors.

Vision and Mission

The following vision and mission were used for the Gariep LED Plan.

Creation of a conducive environment for an improved quality of life for all

Fighting poverty by creating opportunities for employment, stimulating entrepreneurial spirit, thus encouraging self employment and reliance

Objectives

This vision and mission are to be achieved through six objectives. These objectives as well as their rationales were as follows:

1. Grow the economy by increasing the average economic growth rate to 1.5% between 2010 and 2014, and by 3% year-on-year from 2014 onwards.

Economic growth in the Gariep LM is starting from a very low base averaging only 0.6% between 1996 and 2000. This figure has increased consistently since 2004 with 2007 registering an economic growth rate of 4.3%. These figures however are below both the provincial PGDP target and the national ASGISA target. It is also recognised that in the current economic climate it will be unrealistic for the Gariep LM to achieve these targets. It is assumed however that the Gariep LM can still grow its economy by an average 1.5% per annum over the next 5 years.

2. Increase the Gariep Local Municipalities capital expenditure budget for key LED infrastructure; particularly roads, electricity and water; by 5% annually.

Currently the Gariep budget allocates in excess of R 18.47 million to upgrading key economic infrastructure throughout the municipality over the next three financial years. This objective aims therefore, to increase the amount allocated to economic infrastructure, by 5% or +/- R 1 million annually. This capital expenditure should be targeted specifically at road infrastructure along key mobility routes.

3. Reduce the unemployment rate by 10% by 2014, through the creation of new and expanded job opportunities.

The current unemployment level in the Gariep LM is 22% if the broad definition of unemployment is used. A reduction of 10% translates into the creation of approximately 293 permanent jobs by 2014, i.e. the creation of roughly 75 permanent jobs per annum. This target is slightly lower than the goal of halving unemployment by 2014 set out in the PGDP, but is considered more realistic. Due to the Gariep LM's limited revenue base, the municipality should attempt to source this money through grant funding.

4. By 2010 provide funding for the establishment of an SMME help desk within the Gariep Municipality, to be operational by 2011.

SMME development is recognised as a major priority in the Gariep IDP as well as the Ukhahlamba GDS Agreement. This objective therefore aims to establish an SMME unit within the Gariep Municipality to assist SMMEs in the area. In addition, the objective aims to establish a chamber of commerce were established businesses and SMMEs from Gariep can meet to address pertinent business issues.

5. Increase the number of positions filled in the Community and Technical Services Department at the Gariep LM by 6% annually between 2009 and 2014.

The Community Services and Technical Services Departments have the highest staff vacancy rate (53% and 62% respectively). Both these departments are recognised as priority departments in terms of LED. This objective therefore aims to ensure that the Gariep LM reaches a vacancy rate of 12% by 2014. In addition when a vacancy does occur it should be filled within 9 months¹. In the process of filling these positions the various government organizations should particularly focus on employing individuals from the local area.

6. Ensure that by 2014 at least 10% of total procurement expenditure is spent on local suppliers.

Local procurement is recognised as a key way to grow local SMMEs in Gariep as well as prevent income leakage out of the municipality. It is recognised that the Gariep Local Municipalities ability to procure from local suppliers is limited by the availability of such suppliers in the area. This objective should thus be linked to the development of SMMEs so that they can meet the Gariep Local Municipality's supply requirements.

Strategic Pillars

In order for the vision and objectives to be realised, it is essential that an environment conducive to growth be created. This involves activities that both tackle present constraints to development and initiatives boost economic activity. The Gariep LED Plan recommends that these actions be undertaken through the following strategic pillars:

- SMME Development and Support
- Infrastructure Prioritization
- Institutional Development
- Agriculture and Agro-processing Sector Development
- Tourism Sector Development
- Strategic Partnerships

Each pillar was discussed and projects and programmes were classified per pillar. See Sustainable Development Strategy for full list of projects and programmes.

The following projects were prioritized for implementation:

1. Feasibility study for agro-processing (i.e. abattoir, tannery, wool washing and spinning)
2. Lake !Gariep Initiative
3. Grading of accommodation establishments
4. Tourism training and awareness
5. Develop tourism route and attractions

¹ These benchmark figures are based on the figures proposed by the South African Department of Public Service and Administration.

6. Fish farming in Venterstad
7. Road and street maintenance and upgrading
8. Skills Retention Strategy
9. Establish and Support LED forum
10. Satellite FET College in Steynsburg

The full list of projects is set out in Table 1.1 below.

Table 1.1: Gariep LED Plan Projects

| NO. | PROJECT |
|---|---|
| SMME Development and Support | |
| 1 | SMME Projects (i.e. gardens, cleaning of townships) |
| 2 | Economic Infrastructure for informal traders |
| 3 | Support to existing government projects to become sustainable enterprises |
| 4 | Develop SMME Plan |
| 5 | SMME Helpdesk |
| 6 | Satellite FET College in Steynsburg |
| 7 | Value chain analysis for priority sectors |
| 8 | Local Procurement policies and supply chain management |
| 9 | Establish and Support LED forum |
| Infrastructure Prioritization | |
| 10 | Road and street maintenance and upgrading |
| 11 | Taxi Rank development in Burgersdorp |
| 12 | Rubbish bins |
| 13 | Provision of signage |
| 14 | Maintenance and upgrading of towns |
| 15 | ICT programme |
| 16 | Airstrip upgrade at Venterstad |
| 17 | Additional land purchase for development |
| 18 | 1-Stop Centre in Steynsburg/Venterstad |
| Institutional Development | |
| 19 | Red tape reduction programme |
| 20 | Skills audit for municipality |
| 21 | Fill key vacant municipal positions in the Technical and Community Services Departments |
| 22 | Skills retention strategy |
| 23 | Awareness campaign around government processes |
| 24 | Tourism training and awareness |
| 25 | Support LTOs and CTOs |
| Agriculture and Agro-processing Sector Development | |
| 26 | Investigate feasibility of implementing irrigation scheme |
| 27 | Fish farming in Venterstad |
| 28 | Feasibility studies for niche crops such as olives, pomegranates, roses, horticulture etc |
| 29 | Game farming |
| 30 | Feasibility study for agro-processing (i.e. abattoir, tannery, wool washing and spinning) |
| 31 | Develop Agricultural profile of emerging farmers |
| 32 | Incentive and mentoring programme for emerging farmers |

| NO. | PROJECT |
|-----------------------------------|---|
| Tourism Sector Development | |
| 33 | Tourism Baseline study |
| 34 | Oviston Tunnel visitors centre |
| 35 | Grading of accommodation establishments |
| 36 | Calendar of events and tourism brochures |
| 37 | Develop tourism route and attractions |
| 38 | Develop Gariep for visiting business people/contractors |
| 39 | Regeneration projects to develop Gariep as a historic small town attraction |
| Strategic Partnerships | |
| 40 | Partnership with Karoo Municipalities to develop Karoo branded lamb |
| 41 | Lake !Gariep Initiative |
| 42 | Partnership with existing routes |
| 43 | Website for Gariep with links to other Karoo Municipalities |
| 44 | Tri-District Gariep Dam Development |

It is recommended that the Gariep LED Plan be implemented using a combination of existing structures internal and external structures within the Gariep Local Municipality. The proposed implementation arrangements for the Gariep LED Plan are as follows:

1. LED projects will, where possible, be implemented by the Gariep LED Unit
2. Where there is a lack of either personnel or financial resources the implementation of the identified LED projects be outsourced to service providers
3. The staff complement of the LED Unit be increased over the short term to include a LED Coordinator and SMME Facilitator; and over the long term a LED Administration Assistant
4. A dedicated LED budget should be established to fund either projects or to appoint service providers to implement exiting projects
5. A SMME helpdesk be established within the LED Unit. The functions of the SMME helpdesk should be to assist SMME with issues such as 1) registering their business 2) applying for trading/business licences; 3) developing business plans; 4) identifying sources of funding etc.
6. A LED Forum should be established to both monitor LED progress in the municipality and to serve as a means of information sharing between LED stakeholders
7. Assist the Ukhahlamba Development Agency with the implementation of catalytic projects located in the Gariep Local Municipality

A monitoring and evaluation framework based on the SDBIP was developed, and links the various identified strategic pillars and projects.



Gariep Local Municipality: 5 Year LED Plan

Part I: Situation Analysis Report



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November 2009

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ACRONYMS

| | |
|--------|--|
| ASGISA | Accelerated and Shared Growth-South Africa |
| BPO | Business Process Outsourcing |
| CFO | Chief Financial Officer |
| DBSA | Development Bank of South Africa |
| DEAT | Department of Environmental Affairs and Tourism |
| DEDEA | Department of Economic Development and Environmental Affairs |
| DFA | Development Facilitation Act |
| DLA | Department of Land Affairs |
| DOA | Department of Agriculture |
| DOE | Department of Education |
| DOHA | Department of Home Affairs |
| DOH | Department of Health |
| DOL | Department of Labour |
| DORA | Division of Revenue Amendment Bill |
| DoRT | Department of Roads and Transport |
| DOSD | Department of Social Development |
| DPA | Department of Political Affairs |
| DPLGTA | Department of Local Government and Traditional Affairs |
| DSRAC | Department of Sport, Recreation, Arts and Culture |
| DWAF | Department of Water Affairs and Forestry |
| ECPB | Eastern Cape Parks Board |
| ECTB | Eastern Cape Tourism Board |
| ECIS | Eastern Cape Industrial Strategy |
| GCIS | Government Communications and Information System |
| GDP | Growth and Development Plan |
| GDS | Growth & Development Summit |
| GGP | Gross Geographic Product |
| GIS | Geographical Information Systems |
| HRD | Human Resources Development |
| ICT | Information and Communications Technologies |
| IDP | Integrated Development Plan |
| ISRDS | Integrated Sustainable Rural Development Strategy |
| JIPSA | Joint Initiative on Priority Skills Acquisition |
| KPA | Key Performance Area |

| | |
|----------|---|
| LDO | Land Development Objectives |
| LED | Local Economic Development |
| LGI | Lake !Gariep Initiative |
| LQ | Location Quotient |
| NSDP | National Spatial Development Perspective |
| OTP | Office of the Premiere |
| PGDP | Provincial Growth and Development Plan |
| PSC | Project Steering Committee |
| REDZ | Rural Economic Development Zone |
| RIDS | Regional Industrial Development Strategy |
| SALGA EC | South African Local Government Association – Eastern Cape |
| SAPS | South African Police Service |
| SASSA | South African Social Security Agency |
| SDF | Spatial Development Framework |
| SDP | Spatial Development Plan |
| SEDA | Small Enterprise Development Agency |
| SIC | Standard Industrial Classification |
| SMME | Small, Medium and Micro Enterprises |
| UKDM | Ukhahlamba District Municipality |

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND

The Gariep Local Municipality, in conjunction with the Ukhahlamba District Municipality, appointed a project team to develop a Local Economic Development (LED) Plan for the Gariep Municipality. There is at present no LED plan to guide decision making for the Gariep LED unit and the Municipality at large. It is also necessary to incorporate the recent strategic developments i.e. the District LED Strategy, GDS agreement and local area planning (i.e. Gariep IDP).

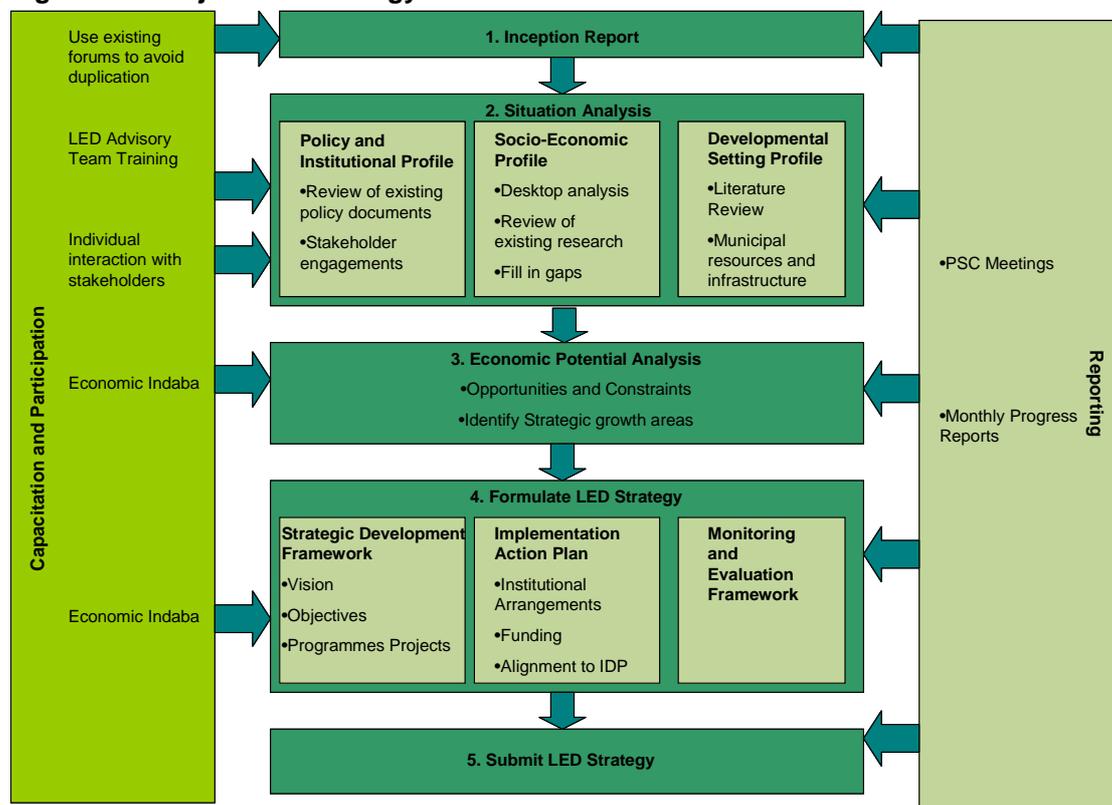
In terms of the National LED Framework a LED Pan is needed to:

- Provide direction to the LED unit
- To emphasize the role of the entire municipality in terms of LED
- To set LED targets that are aligned to national and provincial priorities
- Coordinate efforts of private and public sector stakeholders in LED
- To inform the municipality's IDP (as the LED Plan is a sector plan of the IDP)

1.2 PROJECT METHODOLOGY

Figure 1.1 illustrates the methodology that will be used in the development of the Gariep Local Municipalities LED Plan.

Figure 1.1: Project Methodology¹



1.2.1 Inception Report

The inception report provides a detailed overview of the procedures to be followed in the development of the Gariep LED Plan. The inception report further sets out specific project deliverables as well as time frames for these deliverables.

1.2.2 Situation Analysis

The situation analysis comprises three components namely: a policy and institutional profile, a socio-economic profile and an economic profile.

The Gariep LED Plan must be aligned to the other national and provincial strategic documents and therefore the purpose of the policy component of the policy and institutional profile is to assess national, provincial and local planning documents such as ASGISA, the National Framework for LED in South Africa, the Eastern Cape Provincial Growth and Development Plan and the Ukhahlamba IDP and SDF. The institutional component investigates the existing LED structures in terms of their capacity, human resources and budget.

The socio-economic profile provides an overview of the population living within Gariep. The indicators in this profile provide input into identifying specific focus areas that could result in economic growth within the Local Municipality. Indicators that form part of this profile include:

- Population statistics
- Education level
- Occupation types
- Household income
- Provision of basic services

Data will be obtained from a number of databases developed by Quantec Research (Pty) Ltd. These databases have compiled data from several surveys conducted by StatsSA including the 2007 Community Survey, the 2001 Census and the annual Labour Force surveys. The 2007 Community Survey is used as the primary source of data however it is recognised that due to the smaller sample size used in the survey figures may be under/over stated.

The economic profile provides a detailed analysis of the Gariep Local Municipalities economy in its current state. As part of this profile a detailed assessment of each of the economic sectors is conducted.

1.2.3 Economic Potential Analysis

To assess the economic potential of the Gariep Local Municipality several economic tools are used including the location quotient, shift share analysis, and the Carvahlo and Industry Targeting Classification. From these calculations a better understanding of Gariep's comparative and competitive advantages is gained. This allows the LED Plan to target those economic sectors in which Gariep possesses strengths. In addition this section looks at what inherent opportunities exist in the area and what constraints are faced. This process is informed by the findings of the situation analysis.

1.2.4 Formulate LED Strategy

The final stage of the LED Plan process is the development of the strategic framework. The Strategic Framework is developed in the context of the status quo analysis from the situation analysis, and comprises a vision, goals, objectives, programmes and projects.

1.3 PROJECT AREA

The Gariep Local Municipality is situated in the west of the Ukhahlamba District Municipality and is bordered by the Free State Province, Maletswai Local Municipality, the Chris Hani District Municipality and the North Cape. The Orange River separates Gariep from both the Northern Cape and the Free State Provinces.

The Gariep Municipality, which is made up of four wards, is predominately a rural municipality. Key features of the region are: the Gariep Dam; the N1 and R58 road linkages; extensive stock farming – mostly sheep but also cattle and goats, and the Oviston Nature Reserve.

The major towns in the area are Burgersdorp, Steynsburg and Venterstad. Burgersdorp is the largest town. The Gariep Local Municipal offices are situated in Burgersdorp. The position of the Gariep Local Municipality and its position relative to the rest of the UKDM and the Eastern Cape are illustrated in Map 1.1.

Map 1.1: Location of the Gariep Local Municipality²

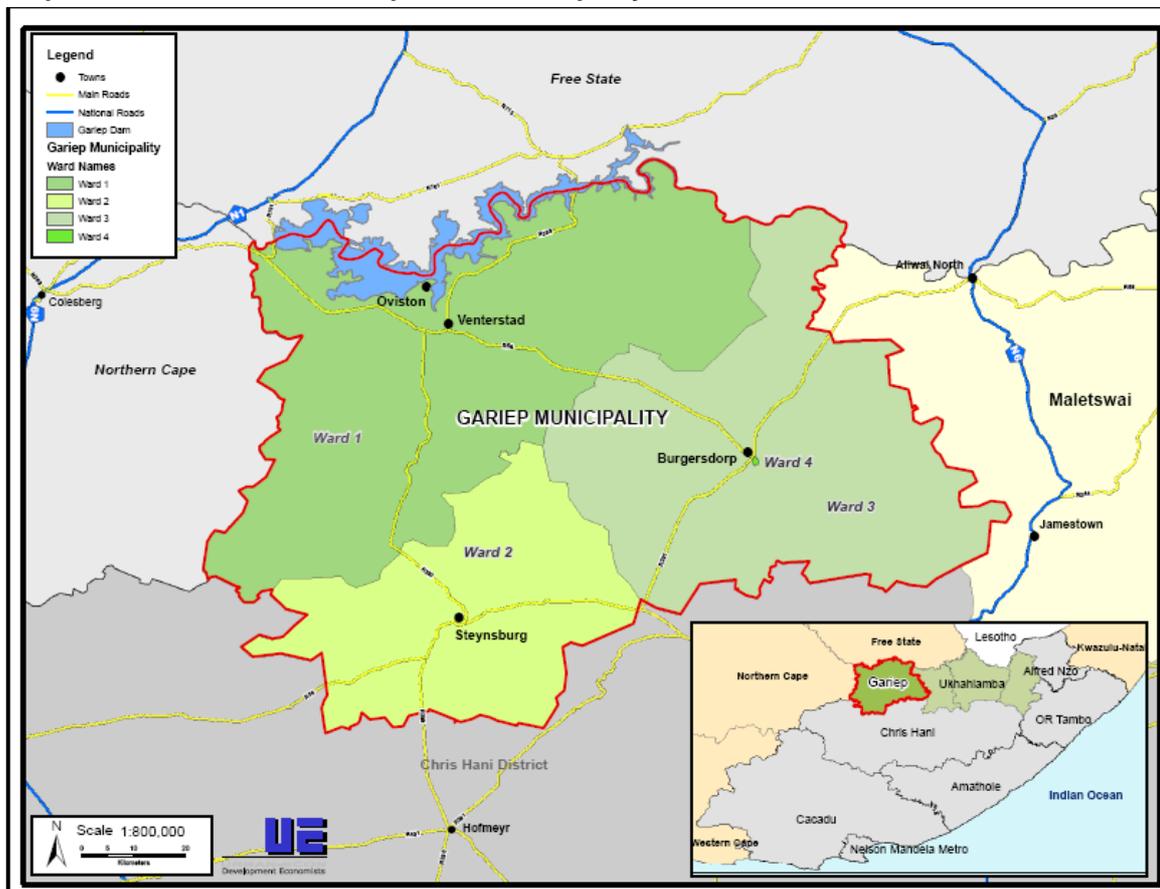


Table 1.1 reflects the major towns in the Gariep LM as well as their populations.

Table 1.1: Population and Population Densities in the Gariep Local Municipality

| PLACE | POPULATION (2007) | AREA (Km ²) | POPULATION DENSITY |
|-----------------|-------------------|-------------------------|--------------------|
| Burgersdorp | 17110 | 28.7 | 595.6 |
| Steynsburg | 6960 | 3.5 | 1995.9 |
| Venterstad | 4835 | 1.8 | 2714.4 |
| Oviston | 563 | 81.4 | 6.9 |
| Non-urban areas | 4774 | 8806.8 | 0.5 |
| GARIEP | 34242 | 8922.2 | 3.8 |

Source: Urban-Econ Database, 2009

1.4 STRUCTURE OF THE DOCUMENT

| | | |
|------------------|--------------------------------------|--|
| Chapter 2 | : Policy Framework | This chapter provides an overview of the various planning initiatives that provide the framework in which the LED Strategy will be developed. |
| Chapter 3 | : Institutional Framework | This chapter provides an overview of the institutional structure and capacity of the Gariep Local Municipality and other institutions involved in LED. |
| Chapter 4 | : Environmental Profile | Chapter 4 provides an overview of the current environmental and biophysical conditions within the project area. |
| Chapter 5 | : Socio-Economic Profile | The socio-economic profile provides a demographic overview of the population residing in the project area and considers indicators such as population growth, education and income. |
| Chapter 6 | : Economic Profile | The economic profile considers various economic indicators such as GGP, sectoral trends and provides a profile of the each of the productive economic sectors in the project area. |
| Chapter 7 | : Infrastructure Profile | This chapter assesses the level of economic infrastructure in Gariep in terms of the roads and electricity network, water, sanitation and telecommunications so as to better understand the resources available to industry. |
| Chapter 8 | : Economic Potential Analysis | This chapter considers the opportunities and constraints that are present in Gariep LM and recommends a development focus. |

CHAPTER 2

POLICY FRAMEWORK

2.1 INTRODUCTION

This chapter of the report provides an overview of the current planning framework as it relates to economic development in the Gariep Local Municipality. In the process of developing an LED Plan number of key legislative and policy documents need to be considered. Furthermore this review is necessary to ensure appropriate alignment with national, provincial and district policies.

Specific reference is made to the different tiers of government in respect of their planning initiatives. The Chapter is accordingly discussed as follows:

- National planning framework
- Provincial planning framework
- District planning framework
- Local planning framework

2.2 NATIONAL PLANNING FRAMEWORK

Key planning documents at a National Government level includes:

- Accelerated and Shared Growth Initiative for South Africa (ASGISA)
- Joint Initiative for Priority Skills Acquisition
- White Paper on Local Government
- National Framework for LED in South Africa
- Integrated Sustainable Rural Development Strategy
- Development Facilitation Act 67 of 1995
- National Spatial Development Perspective

2.2.1 Accelerates and Shared Growth Initiative for South Africa (ASGISA)

□ AGISA's three key objectives are:

- Halve poverty from one-third of households in 2004 to one-sixth of households by 2014.
- Halve unemployment by about 30% in 2004 to less than 15% by 2014.
- Average annual economic growth rate of 4.5% per annum to 2009 and 6% growth per annum from 2010 onwards.

□ ASGISA is based on six priority areas that should be addressed if the above objectives are to be achieved. These are:

- Macroeconomic issues related to national economic fundamentals
- Investment in Infrastructure Programmes
- Industrial and Sector Investment Strategies focusing on the following sectors:

- Business process outsourcing (BPO)
- Tourism
- Agriculture
- Agro-processing, including bio-fuels
- Chemicals
- Metals beneficiations
- Creative Industries (arts, crafts, film, TV and music)
- Clothing and textiles
- Durable consumer goods
- Wood, pulp and paper
- Skills and Education Development
- Second Economy Interventions
- Governance and State Capacity/Public Administration Issues

2.2.2 Joint Initiative on Priority Skills Acquisition

- ❑ **JIPSA is a high level, joint approach by government, business and labour to address the binding constraints identified in ASGISA.**
- ❑ **JIPSA has identified the following main areas for targeted intervention – aligned with ASGISA:**
 - **Engineering and planning skills** for 'network industries' – transport, communications and energy – forming the core of government's infrastructure programme;
 - **City, urban and regional planning skills** for municipalities;
 - **Intermediate Artisan and technical skills**, with priority attention to infrastructure development;
 - **Management and planning skills** in the education and health sectors;
 - **Mathematics, science, language and ICT** competence in public schooling;
 - Specific skills needed by the Priority ASGISA sectors such as Tourism and BPO, etc.
 - **Skills relevant to local economic development** needs of municipalities, especially developmental economists.
- ❑ **JIPSA plans to achieve these goals by putting a system in place to:**
 - Bring in volunteers, retirees and other people with needed skills to assist with training
 - Absorb the growing number of unemployed graduates into the economy whilst addressing the mismatch in relation to the type of training offered to these students as compared to skills needed by the job market.
 - Address further retraining on the job and elsewhere to ensure the employment of unemployed graduates.
 - Maintain a database of skills needs in the economy, including providing an understanding of patterns, trends and key indicators of priority skills demand and supply.

2.2.3 White Paper on Local Government

❑ **The White Paper on Local Government states that:**

“...the powers and functions of local government should be exercised in such a way that it has maximum impact on the development of communities, to meet the basic needs of the poor and to grow the local economy.”

❑ **The White Paper on Local Government further provides the context and direction for the role of municipalities in economic development. The White Paper says:**

“Local Government is **not directly** responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social **conditions** of the local municipality are **conducive to the creation of employment opportunities.**”

❑ **In terms of promoting local economic development the White Paper on Local Government proposes two initiatives namely:**

- Reviewing existing policies and procedures so as to promote local economic development. This can be achieved through ensuring that:
 - Local procurement procedures are clear and transparent
 - Rezoning requests and the issuing of building permits is done quickly
 - Customer management and billing services are centralized
- Provision of special economic services. These include:
 - Marketing and investment support
 - Small business support services to assist entrepreneurs
 - Research and technology
 - Training and placement services

2.2.4 National Framework for Local Economic Development (LED) in South Africa

❑ **The National Framework for LED in SA aims to support the development of:**

“sustainable, robust and inclusive local economies exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to national development objectives.”

❑ **The National Framework for LED in South Africa further seeks to mobilise local people and local resources, within the framework of the PGDP and NSDP, to become competitive in the economic marketplace, both domestically and internationally.**

Strategies to implement these outcomes include:

- Improving good governance, service delivery, public and market confidence in municipalities through an alignment of national, provincial and local programmes - is a critical first step in attracting investment
- Identifying and exploiting competitive advantage a better understanding of the opportunities and constraints in local economies should inform a more balanced

development path.

- Instituting Sustainable Developmental Community Investment Programming - suggests building community, and thus using a powerful cultural dynamic, as the main vehicle and partner for LED together with the resourcing of organised communities to become important productive units.
- Intensify enterprise support – the Small Enterprise Development Agency (SEDA) should be the key vehicle for localised enterprise support.

2.2.5 Integrated Sustainable Rural Development Strategy (ISRDS) 2000

❑ The vision of ISRDS (also known as the ISRDP) is to:

“Attain socially cohesive and stable communities with viable institutions, sustainable economies and universal access to social amenities, able to attract skilled and knowledgeable people, equipped to contribute to their own and the nation’s growth and development.”

❑ The successful implementation of ISRDS rests on three elements namely:

- Rural Development focusing on:
 - Improved provision of services
 - Enhanced opportunities for income generation and LED
 - Improved physical infrastructure
 - Active representation in local political processes
- Sustainability including both financial and social
- Integrated with other government mechanisms and processes

❑ Other key strategic issues include:

- Political ownership and management
- A consolidated set of development objectives
- Capacity building at a local government level
- The role of national and provincial departments
- Intergraded development planning
- Budget and planning
- Stakeholder mobilisation and communication

❑ The ISRDS is therefore not based on the provision of additional funding from government, but rather on the more effective channelling of existing resources.

❑ The ISRDS Strategy attempts to coordinate existing initiatives and programmes towards the end of achieving greater impacts over the short term.

2.2.6 Development Facilitation Act 67 of 1995

❑ The aim of the Development Facilitation Act (DFA) is to:

Introduce extraordinary measures to facilitate and speed up the implementation of reconstruction and development programmes and projects in relation to land; and in so

doing lay down general principles governing land development throughout the Republic.

❑ **Specific priorities include:**

- To establish a Development and Planning Commission
- To establish in each province a development tribunals which has the power to make decisions and resolve conflicts in respect of land development projects
- To facilitate the formulation and implementation of land development objectives
- To provide for nationally uniform procedures for the subdivision and development of and in urban and rural areas
- To promote security of tenure while ensuring end-user finance in the form of subsidies and loans

❑ **DFA requires that Land Development Objectives (LDOs) should be formulated for all local government areas. DFA does not define the LDOs, but the subject matter which they are to cover is set out in detail, and these inter alia include the following:**

- Service and facilities relating to public transport, water, health and education;
- Objectives relating to urban and rural growth;
- Objectives relating to sustained utilisation of the environment and the optimum utilisation of natural resources.

2.2.7 Development Facilitation Act 67 of 1995

❑ **The National Spatial Development Perspective guides all infrastructure investment and development spending. Key to this is ensuring that:**

- Economic growth is a prerequisite;
- Spending on fixed investment beyond constitutional obligation of basic services should focus on areas with economic potential;
- Areas with low development potential – beyond basic services, focus on social transfers, HRD and labour market intelligence to give people more sustainable opportunities;
- Channel future settlement and economic development opportunities into activity corridors adjacent to main growth centres.

❑ **The key output of the NSDP is the conceptualisation of the national space economy, as defined by the Categories of Development Potential, as presented below:**

- Innovation and experimentation
- Production: high value, differentiated goods
- Production: labour-intensive, mass-produced goods
- Public services and administration
- Retail and services:
- Tourism

2.2.8 Regional Industrial Development Strategy (RIDS)

The RIDS provides guidelines for the implementation of policy and the targeting of regions to reduce the regional disparities in South Africa and promote sustainable economic and employment growth. It accepts it is impossible to achieve a spatially uniform distribution of economic activity, and encourages industrial development at a relatively limited number of locations which are able to develop a competitive edge in regional and international markets.

Specific support measures that will be introduced through the RIDS include:

| PILLAR | KEY LEVER |
|---|--|
| Regional agglomeration and infrastructure investment | <ul style="list-style-type: none"> ▪ Acceleration of productive infrastructure provision ▪ Spatial Development Initiatives |
| Addressing economic decline | <ul style="list-style-type: none"> ▪ Direct support to district municipalities to mitigate the impact of capital flight and industrial migration |
| Institutional framework | <ul style="list-style-type: none"> ▪ Creation of a predictable investment & business climate to attract, retain and expand private sector involvement |
| Regional Finance | <ul style="list-style-type: none"> ▪ Public Policy Funding for Regional Industrial Development ▪ Mitigation of financial risk ▪ Enhancement of financial returns for private capital investments into projects with high Social Returns on Investment |

2.2.9 Relevance of National policies to the Gariep LED Plan

| POLICY DOCUMENT | RELEVANCE |
|---|--|
| ASGISA | <ul style="list-style-type: none"> ▪ Establishes priority sectors for economic development namely: <ul style="list-style-type: none"> - Tourism - Agro-processing - Agriculture ▪ Sets a national growth target of 4.5% for 2009 and 6% from 2010 onwards |
| JIPSA | <ul style="list-style-type: none"> ▪ Indicates that development should focus on priority and scarce skills particularly engineering, planning, management, Math's and science and LED. |
| White Paper on Local Government | <ul style="list-style-type: none"> ▪ Advocates support services to LED ▪ Provides a mandate for LED to create an enabling environment for economic growth |
| National Framework for LED in South Africa | <ul style="list-style-type: none"> ▪ Sets out primary focus of municipalities in promoting LED. ▪ LED initiatives should focus on pro-growth development rather than pro-poor development ▪ Specific focus areas include: <ul style="list-style-type: none"> - Provision of infrastructure and quality services - Management of spatial policies - Ensure land use regulation and the administration of development applications - Manage service tariff policies - Market the area |

| | |
|--|---|
| | <ul style="list-style-type: none"> - Manage a progressive property tax system |
| Integrated Sustainable Development Strategy (ISRDS) | <ul style="list-style-type: none"> ▪ Identifies key focus areas for LED namely: <ul style="list-style-type: none"> - Rural development - Financial and social sustainability - Integration of government mechanism ad processes. |
| Development Facilitation Act | <ul style="list-style-type: none"> ▪ Sets out the Gariep Local Municipalities obligations to: <ul style="list-style-type: none"> - To prepare and adopt LDOs - To ensure that its LDOs are consistent with any development objectives, strategies or plans prepared by the Provincial government, district council or other government bodies |
| National Spatial Development Perspective | <ul style="list-style-type: none"> ▪ Places emphasis on developing rural and farming nodes to become regional services hubs. |
| Regional Industrial Development Strategy | <ul style="list-style-type: none"> ▪ Indicates that the Gariep Local Municipalities should focus on its comparative advantages, while at the same time reducing obstacles to LED. |

2.3 PROVINCIAL PLANNING FRAMEWORK

Key planning documents at a Provincial Government level includes:

- Provincial Growth and Development Plan: 2004 – 2014
- Spatial Development Plan: Eastern Cape Province
- Eastern Cape Industrial Strategy

2.3.1 Provincial Growth and Development Plan: 2004 – 2014

- The Eastern Cape Provincial Growth and Development Plan (PDGP) is a response to the need to improve the capacity of local government in supporting of LED.**
- The PGDP for 2004-2014 has the following three core objectives:**
 - Systematic poverty eradication through a holistic, integrated and multi-dimensional approach
 - Consolidation, development and diversification of existing manufacturing capability and tourism potential.
 - Transformation of the agrarian economy and establishment of food security.
- In relation to the Eastern Cape Industrial Strategy, the PGDP prioritises interventions in three sectors:**
 - Industrial Support Programme (aimed at the diversification of the manufacturing sector to reduce dependence on the auto sector)
 - Automotive Industry Development Programme
 - Enterprise Development Finance Programme

2.3.2 Spatial Development Plan: Eastern Cape Province

- ❑ **The Spatial Development Plan (SDP) is intended as a coordinating document that sets out broad framework for the investment of public funding and management of development in the Eastern Province, towards achievement of a common vision and set of objectives.**

- ❑ **The objectives of the SDP are:**
 - To provide a coordinating Provincial spatial framework to dovetail public sector investment towards a common vision and set of objectives
 - To provide a policy framework to give direction to all other development agencies in the Province regarding the priorities of government
 - To make public investment programmes more efficient
 - To provide opportunities for creating an environment within which communities and the private sector can operate more effectively to achieve sustainable economic growth in the Province
 - To protect natural systems
 - To make efficient use of resources at a Provincial level
 - To avoid duplication by different departments and spheres of government
 - To enable District Municipalities and Local Authorities to work within a broad policy framework when preparing Integrated Development Plans

- ❑ **The framework for the SDP is that of the principal settlement strategy, which supports the view that potential development in the rural and urban areas should be managed on the basis of nodes and areas of development, namely:**
 - A focus on *developing nodes* and areas where economic opportunities and resources exist, or where such opportunities can be stimulated
 - *Investment* should target areas where the economic opportunities and returns are greatest
 - Inter-departmental *investment linkages should be identified* in order to maximize benefits and achieve a coordinated effort
 - *Social expenditure on basic infrastructure* for basic needs should be specified as spin-offs from economic development investments, wherever possible.

2.3.3 Eastern Cape Industrial Strategy

- ❑ **The Eastern Cape Industrial Strategy (ECIS) is a strategy that was developed to guide industrial development in the province and is based on the national and provincial policy strategies that deal with:**
 - Regional growth
 - Industrial development
 - The manufacturing sector
 - Inclusive community development

- ❑ **ECIS is therefore a means of articulating the national and provincial developmental policy framework.**

- ❑ **The ECIS is intended to help contribute towards the achievement of the ASGISA's and PGDP's targets of 6% growth and halving unemployment by 2014.**
- ❑ **The industrial strategy was also developed to counter the uneven development which had resulted from growth being concentrated in a few areas in the province such as Amathole and Nelson Mandela Bay Metro.**
- ❑ **The ECIS targets specific sectors in the Eastern Cape economy particularly:**
 - Agro-processing (especially biofuels)
 - Forestry and timber industries,
 - Tourism and cultural industries
 - Business process outsourcing (BPO)
 - Construction
 - Chemicals
 - Metals processing
 - Auto sector
 - Clothing and textiles
- ❑ **Strategies (in the form of Industry Action Plans) are then devised to help these sectors drive industrial growth in the Eastern Cape.**
- ❑ **In addition to these industry action plans, the ECIS includes supply and demand side interventions to the provincial investment environment.**
- ❑ **Supply side interventions include:**
 - Prioritisation of sectors
 - Infrastructure
 - Skills acquisition
 - Institutional transformation
- ❑ **Demand side interventions include:**
 - Investment provision
 - Access to finance
 - Public private partnerships

2.3.4 Eastern Cape Tourism Master Plan

- ❑ **The Eastern Cape Tourism Master Plan aims to develop a comprehensive tourism policy for the Eastern Cape.**
- ❑ **The master plan comprises two parts namely a tourism spatial development plan and a growth and development strategy.**
- ❑ **The primary objective of the master plan is to boost the role and image of tourism in the province based on sustainable principles.**

- ❑ The spatial development plan identifies specific areas within the Eastern Cape that need to be prioritised in terms of tourism while the growth and development strategy addresses issues of research, access, capacity building and safety and security by municipalities.
- ❑ The growth and development strategy further sets out a series of action plans, goals, and targets for tourism growth.
- ❑ The master plan is based on the following policy directives:
 - Enhancing the tourism product base
 - Ensuring responsible and sustainable tourism development
 - Refining the marketing and branding approaches to respond to New Tourism
 - Strengthening inter-sectoral linkages

2.3.5 Relevance of Provincial policies to the Gariep LED Plan

| POLICY DOCUMENT | RELEVANCE |
|---|--|
| Provincial Growth and Development Plan | <ul style="list-style-type: none"> ▪ Sets strategic direction for the Gariep LED Plan ▪ Establishes three priority sectors for development namely: <ul style="list-style-type: none"> - Tourism - Agriculture - Manufacturing |
| Spatial Development Plan | <ul style="list-style-type: none"> ▪ The approach to investment and management outlined in the Provincial Spatial Development Plan provides a framework for the development of both LED strategies and Spatial Development Frameworks at a local government level. |
| Eastern Cape Industrial Strategy | <ul style="list-style-type: none"> ▪ Sets out priority sector relevant to Gariep including: <ul style="list-style-type: none"> - Agro-processing - Tourism and cultural industries - Construction ▪ ECIS also identifies the need to use broad cross cutting interventions to create an environment that is conducive to industrial development. |
| Eastern Cape Tourism Master Plan | <ul style="list-style-type: none"> ▪ The Eastern Cape Tourism Master Plan provides an action plan for tourism initiatives, indicating strategic priorities that should be pursued |

2.4 DISTRICT PLANNING FRAMEWORK

Key planning documents at a District Government level includes:

- UKDM Growth and Development Summit (GDS) 2007
- UKDM Integrated Development Plan (IDP) 2008-2012
- UKDM Spatial Development Framework (SDF) 2006
- Ukhahlamba Local Economic Development Strategy (LED) 2009

2.4.1 Ukhahlamba Growth and Development Summit (GDS) 2007

- ❑ **The basis of the GDS agreement that was signed by key stakeholders at the summit is 8 key anchor programmes that were defined through the IDP process and the pre-summit process, to drive growth and development in the District over the next five to ten years.**
- ❑ **These priority programmes relate back to the strategic goals of the UKDM IDP. The eight anchor programmes are:**
 - The timber cluster development programme
 - Maximizing tourism potentials in the District area
 - Development programme for maximizing agricultural potentials
 - Eradication of backlogs in water and sanitation
 - Service upgrading in primary and secondary towns, key rural nodes and mobility corridors
 - Improvement of access and linkages to basic services to support the economy
 - Creation of a secure social safety net
 - Governance and administration development programme

2.4.2 Ukhahlamba Integrated Development Plan (IDP) 2008 – 2012

- ❑ **The vision of the UKDM is to:**

“Fight poverty through stimulating the economy by meeting basic needs, improving service delivery quality and capacitating local government. For sustained poverty alleviation; the economic situation and access to economic opportunities need to be improved.”
- ❑ **The key performance indicators set out in the UKDM IDP are related to PGDP targets, and include amongst other targets the following:**

KEY PERFORMANCE INDICATORS FOR THE UKDM IDP

- An increase in the number of jobs created through all municipal run capital projects
- An increase in the percentage of the municipality’s capital budget actually spent on capital projects identified for a particular financial year in terms of the IDP;
- An increase in the percentage of the municipality’s budget spent on implementing economic development programmes for a particular financial year in terms of the IDP;
- An increase in the economic growth rate;
- Increases in the proportion of developmental activities that take into account the interests of women, youth and the disabled
- An increase in the amount of funds externally controlled by sector departments and other development agencies which are injected into the district
- An increase in the number of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality’s approved equity plan
- An increase in the percentage of municipality’s budget actually spent on implementing its workplace skills plan

❑ **The UKDM has identified the following goals and strategies that will assist in achieving local economic development.**

- To stimulate the district economy so as to retain and increase income in the area:
- Improving service delivery quality
- Capacitating local government to undertake their roles and functions
- Meet basic needs

2.4.3 Ukhahlamba Spatial Development Framework (SDF) 2006

❑ **The SDF can be regarded as a coherent set of policies and guidelines that will guide all development that has an effect on the way land is used. The following objectives and strategies have been identified in the UKDM SDF:**

| OBJECTIVES | STRATEGIES |
|---------------------------------|--|
| Basic Needs | <ul style="list-style-type: none"> ▪ Ensure a minimum acceptable level of infrastructure and services delivery throughout the Municipal area. To achieve this one must: <ul style="list-style-type: none"> - Identify and prioritise areas of greatest need - Systematically link services and service supply networks to optimise efficiency - Involve of all relevant stakeholders |
| Linkages and Access | <ul style="list-style-type: none"> ▪ A well structured network system should be available, allowing for ease of movement; and efficient, effective links between pertinent nodes, products and services. This process involves: <ul style="list-style-type: none"> - Identify nodes and products that require linkage - Identify and prioritise areas where there is greatest need for improved access - Consolidate and integrate spatial development - Prioritise maintenance and the upgrade of strategic link routes |
| Land Use Management | <ul style="list-style-type: none"> ▪ UKDM must develop and implement an appropriate Land Use Management System, and facilitate security of access to land for development by: <ul style="list-style-type: none"> - Implementing a programme to develop appropriate new zoning schemes for Urban and Rural areas, in line with the direction of new legislation. - Supporting land reform and settlement programmes by identifying zones of opportunity. |
| Environmental Management | <ul style="list-style-type: none"> ▪ The UKDM strives to adhere to sound environmental practices and to protect environmentally sensitive areas by implementing the principles of Integrated Environmental Management. |
| Spatial Fragmentation | <ul style="list-style-type: none"> ▪ To create an efficient and integrated settlement pattern in the UKDM through: <ul style="list-style-type: none"> - Consolidation and densification of settlements - Promote the integration of sprawling settlements. - Prioritize maintenance and upgrade of strategic link routes. |

2.4.4 Ukhahlamba Local Economic Development Strategy (LED) 2009

□ The primary aim of the Ukhahlamba 2009 LED Strategy update the Ukhahlamba District LED Strategy based on the Ukhahlamba GDS and other macroeconomic developments such as the PGDP and ASGISA. Government had also set performance targets for economic growth and unemployment that needed to be incorporated into the LED Strategy.

□ The following mission was thus established for the Ukhahlamba LED Strategy:

“Grow the economy in an environmentally conscious manner which focuses on the areas of comparative advantage whilst at the same time encouraging partnerships with all role-players and promoting Private Public Partnerships.”

□ The Ukhahlamba 2009 LED further strategy identifies five key programmes that have the potential to drive economic growth in the economy. These programmes are:

- Infrastructure Investments
- Institutional Development
- Investment Promotion
- Sector Development
- Environmental Management

2.4.5 Relevance of District policies to the Gariep LED Plan

| OBJECTIVES | RELEVANCE |
|--------------------------------|--|
| Ukhahlamba GDS | <ul style="list-style-type: none"> ▪ Outlines institutional roles and responsibilities for ensuring accelerated economic growth in the UKDM ▪ GDS agreement provides strategic insight into the direction that developmental should take in the Gariep Local Municipality ▪ The GDS also identifies a key project for the Gariep LM, namely the amalgamation and possible expansion of provincial parks around the Gariep Dam |
| Ukhahlamba IDP | <ul style="list-style-type: none"> ▪ Prioritizes the timber, tourism and agricultural (including agro-processing) sectors ▪ Capacity building at a Local Municipality level also very important ▪ Gariep LED Plan should align with UKDM's priority programmes |
| Ukhahlamba SDF | <ul style="list-style-type: none"> ▪ Provides spatial planning guidelines for the UKDM ▪ Outlines the direction that future development in the Ukhahlamba District Municipality should take |
| Ukhahlamba LED Strategy | <ul style="list-style-type: none"> ▪ Identifies key development sectors namely tourism, agriculture, trade, forestry and agro-processing ▪ Gariep LED Plan should be aligned with priority programmes identified in the Strategy |

2.5 LOCAL PLANNING FRAMEWORK

Key planning documents at a Local Government level includes:

- Gariep LM Integrated Development Plan (IDP) 2009
- Gariep Spatial Development Framework (SDF) 2006
- Lake !Gariep Initiative Management Strategy Report

2.5.1 Gariep LM Integrated Development Plan (IDP) 2009

□ The vision of the Gariep Municipality is:

“Creation of a conducive environment for an improved quality of life for all.”

□ This vision is informed by the following mission:

“Fighting poverty by creating opportunities for employment, stimulating entrepreneurial spirit, thus encouraging self employment and reliance.”

□ From this vision and mission the Gariep IDP further identifies the following core values which in turn feed into the Gariep IDP objectives, namely:

- Quality of Service and Performance Excellence
- Commitment and Teamwork
- Integrity, Honesty and Respect
- Accountability and Transparency
- Participation and Empowerment
- Learning and Development

□ In pursuit of these core values the Gariep IDP establishes seven KPA from which to measure there progress.

| KEY PERFORMANCE AREA | SUBCOMPONENTS |
|---------------------------|---|
| KPA 1: Spatial Planning | <ul style="list-style-type: none"> ▪ Spatial development framework ▪ Environmental management ▪ Nature Conservation |
| KPA 2: Capital Investment | <ul style="list-style-type: none"> ▪ Provision of water and sanitation; ▪ The construction and maintenance of municipal roads; ▪ Provision of electricity |
| KPA 3: Social Investment | <ul style="list-style-type: none"> ▪ Improve service delivery quality ▪ Meet Basic Needs ▪ Grow programmes that are labour intensive |
| KPA 4: Economic Growth | <ul style="list-style-type: none"> ▪ Grow Agriculture, agro-industries and strengthen Household Security ▪ Grow Tourism, Trade and Tourism related Business and Labour intensive and Pro-poor programme |

| | |
|-------------------------------------|--|
| KPA 5: Public Participation | <ul style="list-style-type: none"> ▪ Improve capacity of Government and Communities ▪ Intergovernmental Relations ▪ Mainstreaming of Special Groups |
| KPA 6: Financial Viability | <ul style="list-style-type: none"> ▪ Revenue and expenditure management |
| KPA 7: Institutional Transformation | <ul style="list-style-type: none"> ▪ Organisational structure ▪ Skills development ▪ Performance management system |

2.5.2 Gariep Spatial Development Framework (SDF) 2006

- ❑ **The Gariep SDF establishes four key issues namely:**
 - Land Availability
 - Sustainable Socio-Economic Development
 - Sustainable Infrastructure Development
 - To co-ordinate an Integrated Planning System and Capacity Building
- ❑ **Based on these key issues, the following objectives and strategies were set for the Gariep SDF:**

LAND AVAILABILITY

| Objectives | Strategies |
|---|--|
| <ul style="list-style-type: none"> ▪ To facilitate land availability for various agricultural and non-agricultural uses in order to implement the objectives of the IDP. ▪ To put in place a strategy for commonage expansion and stimulating small scale farming projects. ▪ To proactively engage in expansion of the commonages for future sustainable land use projects. | <ul style="list-style-type: none"> - To prepare commonage management and expansion plans for the commonages of Burgersdorp, Steynsburg and Venterstad - To investigate possible land acquisition and expansion of irrigation and farming projects along the Orange River, Gariep Dam and Teebus Tunnel Outlet - Promote community gardens and food security projects - Revise and refine SDF on an annual basis. - Engage in land acquisition through DLA |

SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT

| Objectives | Strategies |
|---|--|
| <ul style="list-style-type: none"> ▪ To focus on labour intensive sustainable development projects. ▪ To focus resources and land availability initiatives on the development of small scale farming and tourism initiatives, locally driven. ▪ To prioritise disadvantaged and poor communities and programmes. | <ul style="list-style-type: none"> - Integration and cross linkages with IDP and LED Strategy - Integrates with regional and provincial LED programmes and initiatives - Investigate and expand farming, irrigation and tourism initiatives with the aim of maximising local job creation |

SUSTAINABLE INFRASTRUCTURE DEVELOPMENT

| Objectives | Strategies |
|--|---|
| <ul style="list-style-type: none"> ▪ To improve existing services | <ul style="list-style-type: none"> - Implement and finalise bucket eradication |

| | |
|--|---|
| <ul style="list-style-type: none"> ▪ To provide basic services to all residents in the Gariep area ▪ To implement minimum service levels ▪ To make land available for service and bulk service allocations. | <p>programme (Steynsburg)</p> <ul style="list-style-type: none"> - Upgrade bulk infrastructure in a pro-active manner to deal with housing demand and possible future housing expansion. - Provide adequate services for business expansion and tourism growth. |
|--|---|

CO-ORDINATE AN INTEGRATED PLANNING SYSTEM AND CAPACITY BUILDING

Objectives

- To integrate planning systems and management on a District and Provincial level, with specific reference to the SDF
- To put mechanisms, policies and guidelines in place to adequately manage land use change and future land demand
- To capacitate and improve institutional ability and on power general public

Strategies

- Upgrade the SDF on an annual basis
- Conduct detailed land investigations and analysis studies on future commonage expansion and commonage management
- Conduct detailed strategies and link to existing programmes with respect to irrigation farming in identified areas
- Improve and implement the existing draft zoning maps
- Refine land use management guidelines, development guidelines and implementation strategies for these guidelines and policies
- Implement a computer based GIS system to link cadastral information, ownership and financial system.

2.5.3 Lake !Gariep Initiative Management Strategy Report

- ❑ **The LGI project area encompasses three district municipalities namely Xhariep (Free State), Pixley ka Sema (Northern Cape) and Ukhahlamba (Eastern Cape).**
- ❑ **The Lake !Gariep Initiative (LGI) concept was developed out of a need from communities, municipalities and provincial government structures to integrate conservation and development initiatives around the Gariep Dam Complex into a single initiative for the development of the area and poverty alleviation**
- ❑ **The purpose of this strategy is therefore to provide a formal, operational framework for the Lake Gariep Initiative through:**
 - Alignments of stakeholders' strategic focus (vision and mission)
 - Setting of joint development goals
 - Creating an institutional framework and mechanisms
 - Structuring of resources (financial and other)
- ❑ **This purpose is encapsulated in the LGI vision which is:**

"To create a Tri Provincial (cross boundary), prosperous and sustainable development entity with a primary focus on conservation and tourism development."
- ❑ **To achieve this vision the Lake Gariep Initiative sets out the following key strategic thrusts and objectives:**

| STRATEGIC THRUST | OBJECTIVES |
|---|---|
| Conservation | <ul style="list-style-type: none"> ▪ Conservation of Biodiversity ▪ Conservation of tangible and intangible cultural, historical and other heritage resources ▪ Determine boundaries of the LGI |
| Social and economic development | <ul style="list-style-type: none"> ▪ The promotion of Tourism ▪ Marketing ▪ Ensure the success of small scaled job creation / poverty alleviation projects. ▪ Maximise agricultural opportunities |
| Creation of institutional capacity and a broadening of democracy and promotion of governance | <ul style="list-style-type: none"> ▪ Create an institutional framework for LGI ▪ Formalize tri-provincial alliance. ▪ Create an effective communication strategy |
| Finances | <ul style="list-style-type: none"> ▪ Create integrated LGI budget. ▪ Procure sufficient funding to launch meaningful capital projects related to mandate. ▪ Coordinate spending of stakeholders |
| Infrastructure | <ul style="list-style-type: none"> ▪ Ensure that infrastructure budget and project allocation support LGI focus areas ▪ Improve access roads in conservation areas |

- ❑ Although the !Lake Gariep Initiative Management Strategy Report was completed in 2006 in 2006 it is yet to be official adopted by the various provinces, districts and local municipalities involved.

2.5.4 Relevance of local policies to the Gariep LED Plan

| OBJECTIVES | RELEVANCE |
|--------------------------------|--|
| Gariep IDP | <ul style="list-style-type: none"> ▪ Establish overarching goals and objectives for the Gariep LED Plan ▪ Sets out key performance areas which need to align with the Gariep LED Plan |
| Gariep SDF | <ul style="list-style-type: none"> ▪ Establishes priority spatial initiatives that the LED Plan needs to incorporate |
| Lake !Gariep Initiative | <ul style="list-style-type: none"> ▪ Identifies critical areas of economic development potential around the Gariep Dam ▪ Identifies possible opportunities and constraints around conservation and tourism in Gariep |

CHAPTER 3

INSTITUTIONAL PROFILE

3.1 INTRODUCTION

This chapter provides a profile of the Gariep Local Municipality, in terms of its institutional structure, human resources and financial resources dedicated to local economic development (LED). In addition, this chapter profiles the current local economic development undertakings of the Gariep Local Municipality.

It is important to understand the structure and capacity of the municipality to implement LED, so as to determine optimal future institutional arrangement for LED in the municipality.

This chapter is presented according to the following sections:

- Gariep Political Structure
- Gariep Institutional Structure
- Institutional structure of the Ukhahlamba District Municipality
- Intergovernmental Relations
- Sythesis

3.2 GARIEP POLITICAL STRUCTURE

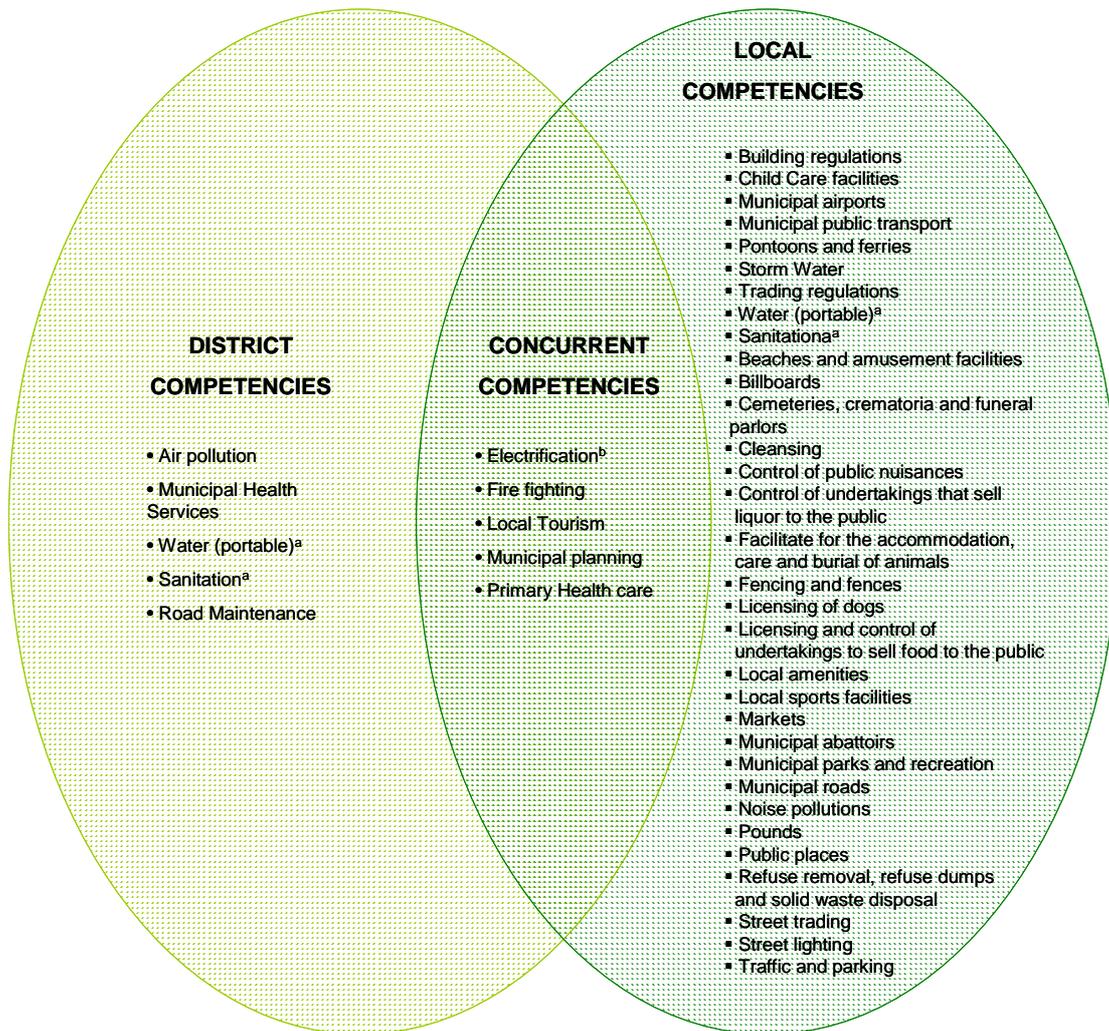
- ❑ **The Gariep Local Municipality was established in terms of Section 12 of the Local Government Municipal Structures Act (Act No. 177 of 1998).**
- ❑ **The Gariep Council comprises 8 councillors (including the Mayor) of which 3 are proportional representatives.³**
- ❑ **The Gariep Council also has the following four standing committees:**
 - Technical Services Standing Committee
 - Corporate Services Standing Committee
 - Community Service Standing Committee
 - Budget and Treasury Standing Committee

In addition to the standing committees the Local Municipality also has four ward committees. The operation of Gariep's ward committees is seen as a crucial means of ensuring the successful implementation of community based planning. To assist in this regard, the Gariep IDP has allocated an amount of R 60,000 from the Municipal Systems Improvement Grant (MSIG) to improve the operation of ward committees.³

3.3 POWERS AND FUNCTIONS

- ❑ **According to the Gariep IDP, the Gariep LM currently has 35 different functions. Of these 30 are exclusive functions and 5 are concurrent functions with the District Municipality.³ These functions are illustrated in Figure 3.1**

Figure 3.1: Powers and functions of the Gariep LM



3.4 GARIEP INSTITUTIONAL STRUCTURE

❑ The current organizational structure for the Gariep Local Municipality makes provision for four departments namely:

- Corporate Services
- Community Services
- Budget and Treasury
- Technical Services

❑ The LED unit falls under the Municipal Manager's Office and reports directly to the Municipal Manager, although no formal unit exists in the organogram.

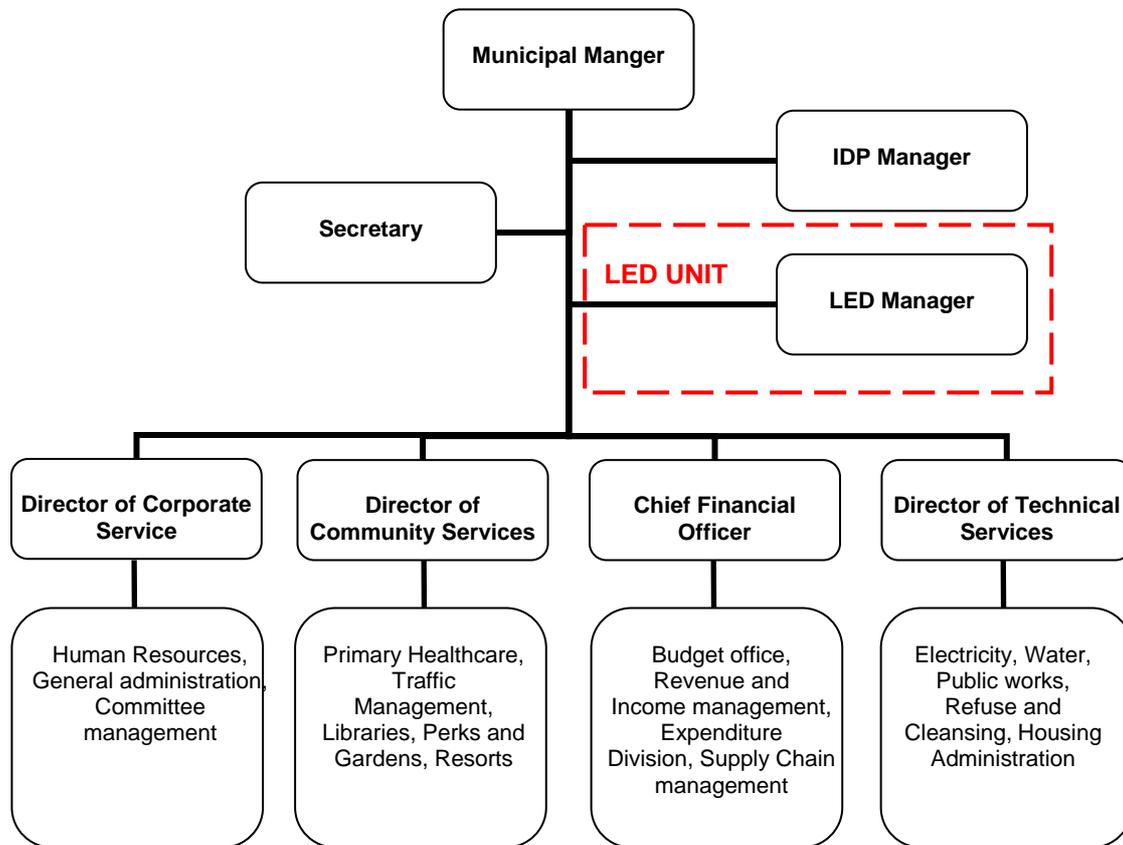
❑ Figure 3.2 indicates the various departments as well as their operational mandates

^a The UKDM is the water services authority for both sanitation and water, while the Gariep Local Municipality is the water and sanitation provider.

^b Depending on the results of the Rural Economic Development Zone (REDZ)

organogram.

Figure 3.2: The top structure of the Gariep Local Municipality⁴



3.4.1 Staffing Capacity

- ❑ The Gariep Local Municipality has one Section 57 vacancy namely the Chief Financial Officer (CFO).
 - Although this position is vacant, an acting CFO, with 8 years local government experience, has been appointed.
- ❑ There are 500 approved positions in the Gariep Local Municipality.
- ❑ Table 3.1 shows the current staff complement as well as the vacancy rates for the Local Municipality.

Table 3.1: Gariep staffing composition⁴

| DEPARTMENT | TOTAL NO OF POSTS | FILLED | % FILLED | VACANCY RATE (NUMBER OF VACANT POSTS) |
|---------------------------|-------------------|--------|----------|---------------------------------------|
| Municipal Managers office | 16 | 11 | 69% | 31% (5) |
| Corporate Services | 19 | 12 | 63% | 37% (7) |
| Community Services | 133 | 63 | 47% | 53% (70) |

| | | | | |
|---------------------|------------|------------|------------|------------------|
| Budget and Treasury | 31 | 19 | 61% | 39% (12) |
| Technical Services | 301 | 117 | 38% | 62% (184) |
| TOTAL | 500 | 222 | 44% | 56% (278) |

❑ **The Gariiep Local Municipality has a staff per capita ration of 1:154.**

- The proposed benchmark for this ratio, as proposed by the Kouga IDP⁵, is 1 municipal official for every 100 residents.
- Gariiep has the best staff to resident ratio in Ukhahlamba which should result in better service provision.

| FACT BOX | |
|----------------------------|---|
| Vacancy Rate: | 56% |
| Staff per capita: | 1:154 |
| Staff turnover: | 11.9% |
| Staff Expenditure: | 54% |
| LED Budget: | R 150,000 |
| Stakeholder Forums: | Tourism and Agriculture Operational |

❑ **The average staff turnover ratio for Gariiep between 2002 and 2007 was 11.9%.⁶ This figure is the lowest in the District Municipality.**

- Although this figure is the lowest in the District, the rural nature and **salary opportunities** could discourage the attraction of employees

❑ **The staffing budget increased 77% between the 2007/08 and 2008/09 financial years⁷**

❑ **Staff expenditure accounts for 54% of the Gariiep Local Municipalities total revenue**

- The national norm is 34%, meaning that Gariiep exceeds the norm by 20%⁵

❑ **The Gariiep LED Unit only comprises the LED manager**

- The LED manager is **also** the Gariiep Local Municipality IDP Manager.
- The Gariiep LED Unit previously had two additional staff members for **agriculture** and **tourism**.
- Due to the effective tourism and agricultural forums it was felt that it these two officers were not necessary, and they were subsequently transferred to other departments.
- The forums continue to function well with the **agricultural forum meeting regularly** to address both commercial and emerging farmers' issues.
- Although functional, the tourism forum **does not meet on a regular basis**. Furthermore, the tourism forum is in the process of **appointing a new chairperson**.

❑ **Specific institutional challenges identified in the Gariiep IDP include³:**

- High dependency on external funding for staffing
- Cash flow restrictions
- Mismatch of personnel
- Lack of a Skills Development Committee
- The need for an Employment Equity Committee

3.4.2 LED Budget

- ❑ **The Gariiep LED Unit did not receive any budgetary allocation during the 2006/07 and 2007/08 financial years⁷**
- ❑ **An amount of R 150,000 was allocated in the 2008/09 and 2009/10 financial years**
 - This money was budgeted towards the development of an LED Plan and **not** for the LED unit itself
 - Budget allocations in the other local municipalities in Ukhahlamba vary between R 33,000 and R 6.4 million⁸
- ❑ **Money has been allocated to LED related projects in the IDP (e.g. Development of the Lake Gariiep Resort, Upgrading of the JL de Bruin Dam) but these projects are administered by other departments and not by the LED Unit.**

To ensure the successful implementation of the LED Plan *an annual budgetary allocation* should be made to the Gariiep LED Unit

3.4.3 Forums

- ❑ **There is no LED Forum currently operating in the Gariiep Local Municipality**
 - However attempts are underway to revitalise the old LED Forum
 - These attempts have been unsuccessful to date
- ❑ **There are two other LED related forums operating in the Gariiep Local Municipality. These are:**
 - Tourism Forum
 - Agricultural Forum
- ❑ **The Agricultural Forum, which incorporates both commercial and emerging farmers, is vibrant and meets on a regular basis with municipal officials to discuss issues of importance around agriculture**
- ❑ **Although the tourism forum is functional, its meetings are irregular**
 - Tourism organizations situated in Burgersdorp have not been involved in the forum, and efforts are underway to establish an interim tourism structure in the town

3.4.4 Benchmarking against LED Best Practice

- ❑ **There are many different definitions of benchmarking, some of which are presented below:**
 - Practice of identifying qualitative and quantitative metrics against which the success of an organization can be measured.... Identifying best practices or lessons learned are common by-products of benchmarking⁹.

- Benchmarking is the search for, and implementation of, better ideas¹⁰.
- A benchmark is a standard that provides a measuring-stick for relative performance. Benchmarking is critical to formulating a knowledge-based plan of action to achieve objectives¹¹.
- Benchmarks are numbers, ratios, performance indicators that help answer the question, "What needs improvement?"¹²

❑ **The following key concepts are common amongst all of the above definitions:**

- Identification of criteria
- Measurement
- Best practice
- Identification of 'gaps'
- Improvement
- Performance

❑ **Essentially benchmarking is a process in which specific criteria are identified to measure the performance of an organisation in comparison with another organisation or in comparison with best practice.**

❑ **Once the organisation has been benchmarked, then 'gaps' in its systems and procedures can be identified to improve its performance and align with best practice.**

As part of the LED development process the Gariep LED Plan will be benchmarked against the best practice model used by the Department of Local Government and Traditional Affairs. This benchmarking process can be found in Annexure A of the Strategic Framework Report.

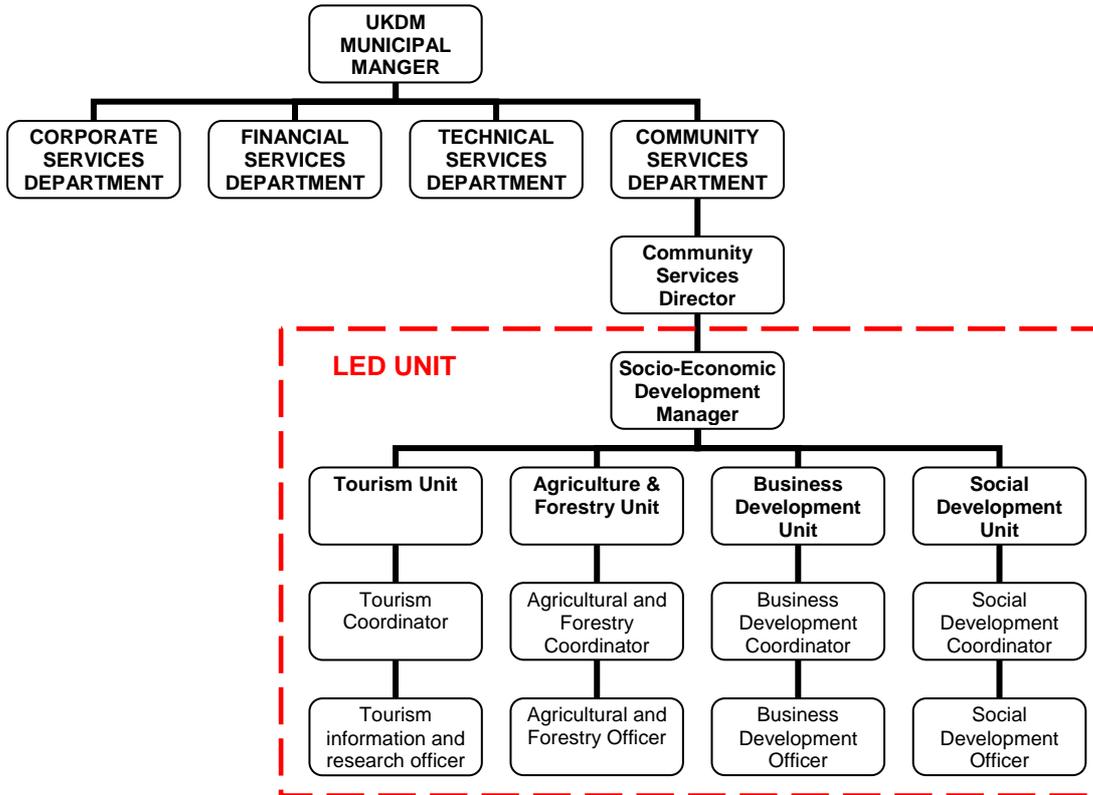
3.5 INSTITUTIONAL STRUCTURE OF THE UKHAHLAMBA DISTRICT MUNICIPALITY

❑ **According to the Ukhahlamba LED Strategy, the District Municipality currently has four departments all reporting to the Municipal Manager⁸. These departments are:**

- Community Services Department
- Corporate Services Department
- Financial Services Department
- Technical Services Department

- ❑ Figure 3.3 shows the various departments as well as the UKDM LED Unit.

Figure 3.3: Organogram of UKDM top structure and LED Unit⁸



- ❑ Once the UKDM LED unit is fully operational it will be able to provide the Gariep Local Municipality with technical assistance and support.
- ❑ The UKDM LED unit is fairly well staffed with the socio-economic development manager as well as the four coordinator positions being filled.
- ❑ The District Municipality's LED unit therefore has the capacity to provide the Gariep Local Municipalities LED Unit with support where necessary.
- ❑ The Ukhahlamba District Municipality also has good support structures in place to implement LED and tourism projects within the District.
- ❑ The District Municipality is in the process of establishing a District wide Economic Development Agency. This Development Agency will be responsible for identifying and implementing catalytic LED projects throughout the District.

Importance of UKDM Development Agency to the Gariep Local Municipality¹³

In the funding application to the IDC the **Gariep Residential Eco and Country Estate**, which includes a boutique hotel and conference centre, was identified as an **anchor project** for the UKDM Development Agency to conduct.

3.6 INTERGOVERNMENTAL RELATIONS

3.6.1 Cooperative Governance Mandate

- ❑ **Cooperative governance in South Africa is a constitutional imperative as the Constitution explicitly makes provision for this mechanism.**
- ❑ **Chapter 3 of the Constitution deals with cooperative governance. Government departments should co-operate with one another in mutual trust and good faith by:**
 - Fostering friendly relations.
 - Assisting and supporting one another.
 - Informing one another of/ and consulting one another on matters of common interest.
 - Coordinating their actions and legislation with one another.
 - Adhere to agreed procedures; and
 - Avoiding legal proceedings against one another.

- ❑ **The South African cabinet approved a Draft Intergovernmental Relations Framework Bill on 15 November 2004. The aim of the bill is:**

“To provide an institutional framework for the different spheres of government to facilitate coherent government, co-ordination in the implementation of policy and legislation, effective provision of services and the monitoring of the implementation of policy and legislation. “

- ❑ **The Bill creates various structures on national, provincial and local level as well as on interdepartmental and inter-sphere level to give effect to cooperative governance.**

3.6.2 Intergovernmental Committees³

- ❑ **Intergovernmental committees in the Gariep Local Municipality are made up of representatives from different spheres of government. Relevant intergovernmental committees include:**
 - IDP Steering Committee
 - IDP Representative Forum
 - Gariep Intergovernmental Relations Forums
- ❑ **The IDP Steering Committee oversees the development process of the Gariep IDP as well as being responsible for ensuring participation amongst the various IDP role-players**
- ❑ **The IDP Representative Forum meets to discuss the progress achieved on implementation of the IDP and to give direction to the IDP process.**
- ❑ **The membership of this forum includes:**
 - Provincial and national government departments

- Community organisations
 - Officials from the Ukhahlamba District Municipality
 - Gariep officials
 - Councillors
 - Economic sector representatives
- ❑ **The Gariep Intergovernmental Relations Forums focuses on fostering communication and cooperation between the various government departments and organisations.**
- ❑ **To assist in this process the following clusters have been established by the Gariep Local Municipality:**
- Governance and Administration Cluster
 - Social Cluster
 - Economic and Infrastructure Cluster
- ❑ **Table 3.2 shows the various clusters, their composition, and key performance areas.**

Table 3.2: Gariep intergovernmental clusters

| CLUSTER | COMPOSITION | KEY PERFORMANCE AREA |
|---------------------------------------|--|--|
| Governance and Administration Cluster | <ul style="list-style-type: none"> ▪ Gariep LM ▪ DPLGTA ▪ DPA ▪ SALGA EC ▪ Provincial Treasury ▪ UKDM ▪ GCIS ▪ OTP | <ul style="list-style-type: none"> ▪ Municipal Transformation and Organizational Development ▪ Integrated Development Planning; ▪ Municipal Finance Viability and Management ▪ Good Governance and Public Participation ▪ Basic Service Delivery ▪ Performance Management System |
| Social Cluster | <ul style="list-style-type: none"> ▪ DSRAC ▪ DOSD ▪ DOH ▪ DOHA ▪ Safety & Liaison/SAPS ▪ DOE ▪ SASSA ▪ DOL | <ul style="list-style-type: none"> ▪ Comprehensive Health Care ▪ Education ▪ Special Programmes ▪ Social Safety Net ▪ Safety and Security ▪ Victim Empowerment ▪ Food Security and Nutrition |
| Economic and Infrastructure Cluster | <ul style="list-style-type: none"> ▪ DoRT ▪ DOA ▪ DEDEA ▪ DLA ▪ DEAT ▪ DWAF ▪ DOL | <ul style="list-style-type: none"> ▪ Local Economic Development ▪ Roads Infrastructure ▪ Second Economy Interventions |

| | | |
|--|---|--|
| | <ul style="list-style-type: none"> ▪ ECPB ▪ ECTB ▪ Eskom ▪ Telkom | |
|--|---|--|

Source: Gariep 2009/10 IDP (2009)

3.7 SYNTHESIS

| LED BUDGET | LED STAFF | | OTHER STAFF | | FUNCTIONAL LED FORUM | OTHER LED RELATED FORUMS |
|------------|-----------------|-----------------------|-----------------|-----------------------|----------------------|--------------------------|
| | Number of staff | % of positions filled | Number of staff | % of positions filled | | |
| R 150,000 | 1 | 100% | 222 | 44% | No | Yes |

Service delivery in the Gariep Local Municipality is affected by the municipalities' poor staffing capacity and high vacancy rate. For the Gariep Local Municipality to successfully achieve its goals in service delivery and local economic development, it will be necessary to ensure that it can both afford and justify the additional personnel costs necessary to achieve these targets. In addition, LED does not appear to be a priority within the Gariep Local Municipality as there is neither a dedicated staff member responsible for LED nor a dedicated LED budget.

CHAPTER 4

ENVIRONMENTAL PROFILE

4.1 INTRODUCTION

This Environmental Profile provides an overview of the environmental characteristics of the Gariep Local Municipality, as defined in Chapter 1 of this report. It is also necessary to profile the physical characteristics of the area so that an accurate profile of the area can be developed. This profile is in turn used to ensure that the developmental potential is based on the areas inherent physical characteristics.

The environmental characteristics of this area are discussed under the following sub-sections:

- Ecosystem Services
- Climate
- Topography
- Hydrology
- Land Capacity and Soil types
- Vegetation Types and Biodiversity
- Synthesis

4.2 ECOSYSTEM SERVICES

- ❑ **The environment plays an important role in economic development particularly in the area of ecosystem services.**
- ❑ **These ecosystem services help support human livelihoods, societies and economies.**
- ❑ **Ecosystem services include:**
 - Provisioning services
 - Regulating services
 - Supporting services
 - Cultural services
- ❑ **One of the biggest challenges to the environment is that whilst some ecosystem services are derived by leaving the ecosystem intact others are only obtained by transforming an ecosystem or harvesting a resource.¹⁴ This can lead to the destruction of a resource¹⁴.**

Box 4.1 Examples of Ecosystem Services

Provisioning services

- Food (including seafood and game), crops, wild foods, and spices
- Water
- Pharmaceuticals, biochemical's, and industrial products
- Energy (hydropower, biomass fuels)

Regulating services

- Purification of water and air
- Crop pollination
- Pest and disease control

Supporting services

- Nutrient dispersal and cycling
- Seed dispersal
- Primary production

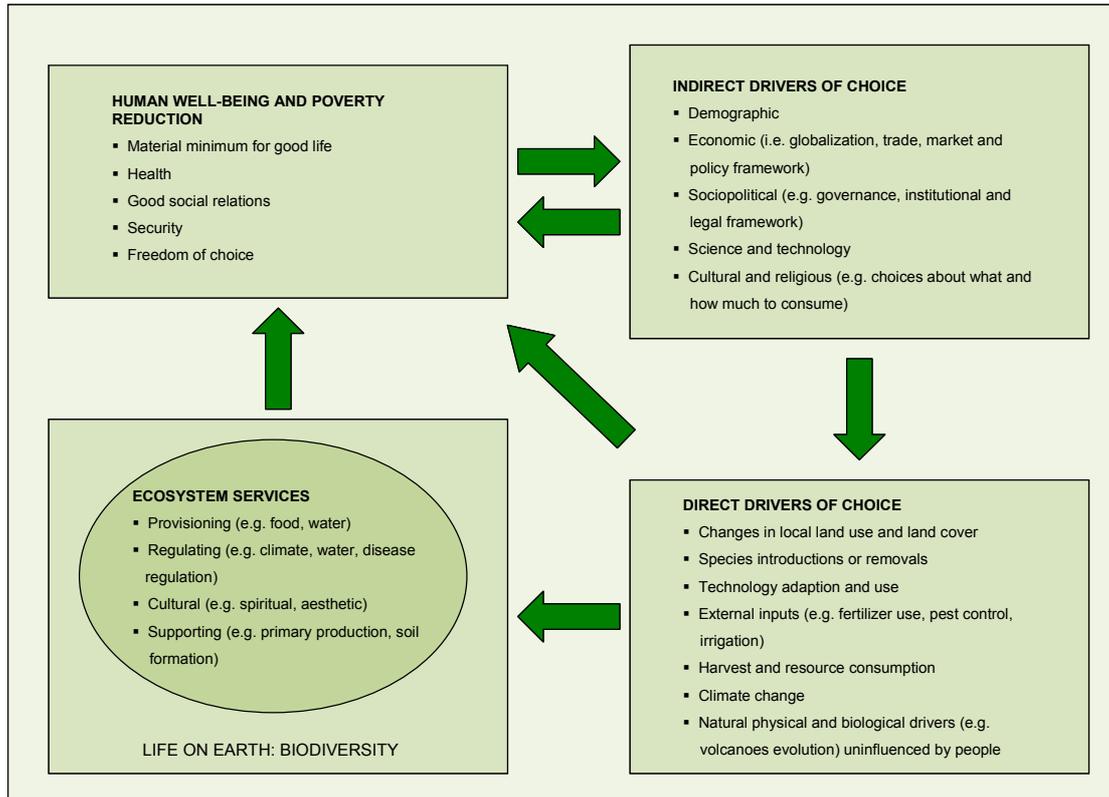
Cultural services

- Cultural, intellectual and spiritual inspiration
- Recreational experiences (i.e. ecotourism)
- Scientific discovery

Source: Ecosystem Services in the Gariep Basin (2004)

- ❑ These tradeoffs are often ignored and are only considered when the negative effects have accumulated to such an extent that the ecosystem collapses.
- ❑ These tradeoffs also have an impact on human well being and poverty reduction.¹⁴ Figure 4.1 reflects the role that ecosystem services play in ensuring human well being as well as direct and indirect factors (drivers) that affect an areas ecosystem.

Figure 4.1: Ecosystem services and human well being

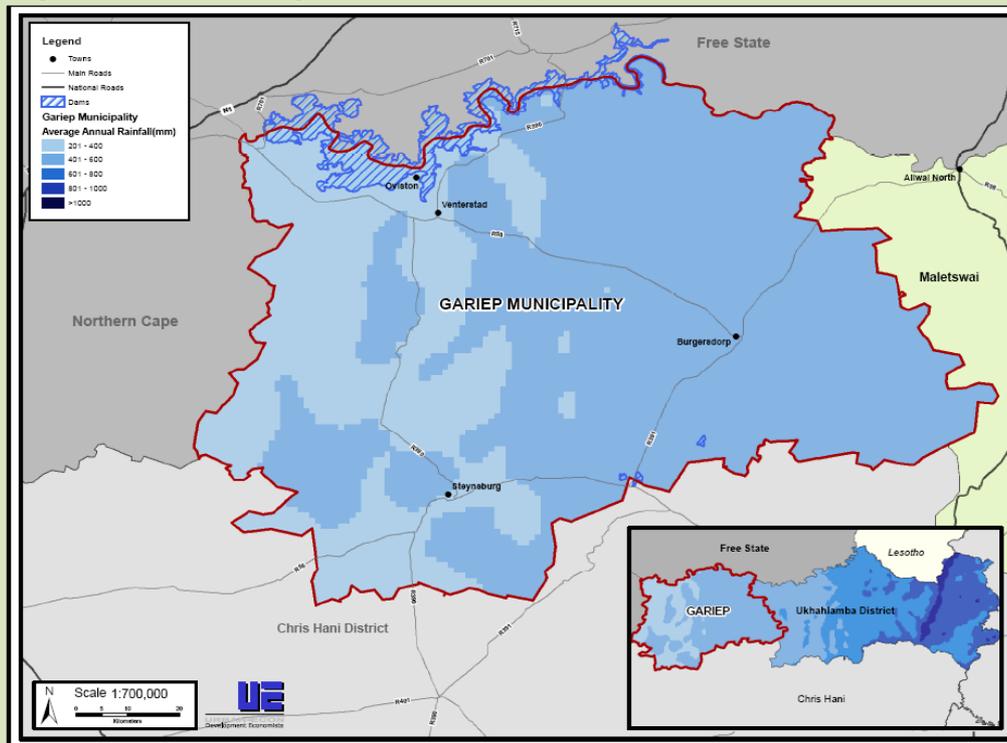


Adapted from: Ecosystem Services in the Gariiep Basin (2004)

- ❑ Figure 4.2 indicates that indirect drivers can affect human well-being directly or indirectly components that affect ecosystem services.
- ❑ Human well-being in turn feeds back into indirect drivers.
- ❑ Within this framework, there are opportunities for strategies and interventions that can halt, reverse, or otherwise change the process.
- ❑ It is therefore necessary to consider the environmental resources of the Gariiep LM so as to ensures that any economic growth that occurs, happens in a balanced and sustainable manner, and does not negatively impact the ecosystems present in the municipality.

4.3 CLIMATIC CONDITIONS

Figure 4.2 Mean average rainfall for Gariep



Map source: AGIS (2009)

☐ Rainfall⁸

- Rainfall in the Gariep LM decreases from east to west.
- The western portions of the Municipality receive between 400 mm and 600 mm annually.
- The eastern portion (encompassing Venterstad, Steynsburg and Oviston) receive 200 mm to 400 mm annually.
- Most of this rain falls between October and March.

☐ Temperature⁸

- Significant fluctuations in the temperature occur in Gariep.
- Daily maximum temperatures for summer (January) range from 24°C to 32°C.
- Minimum temperatures in winter (July) vary between -7°C and -1°C.

☐ What this means for LED:

- The combination of rainfall and temperature determine the suitability of an area for crop and livestock farming.
- The variable nature of the climate means that only hardy crops can be grown.
- Increased frost and cold can also destroy sensitive crops. Furthermore excessive cold and frost can also delay harvesting or shorten the growing period.
- Livestock can also suffer from extreme temperature changes.

Crop suitability:

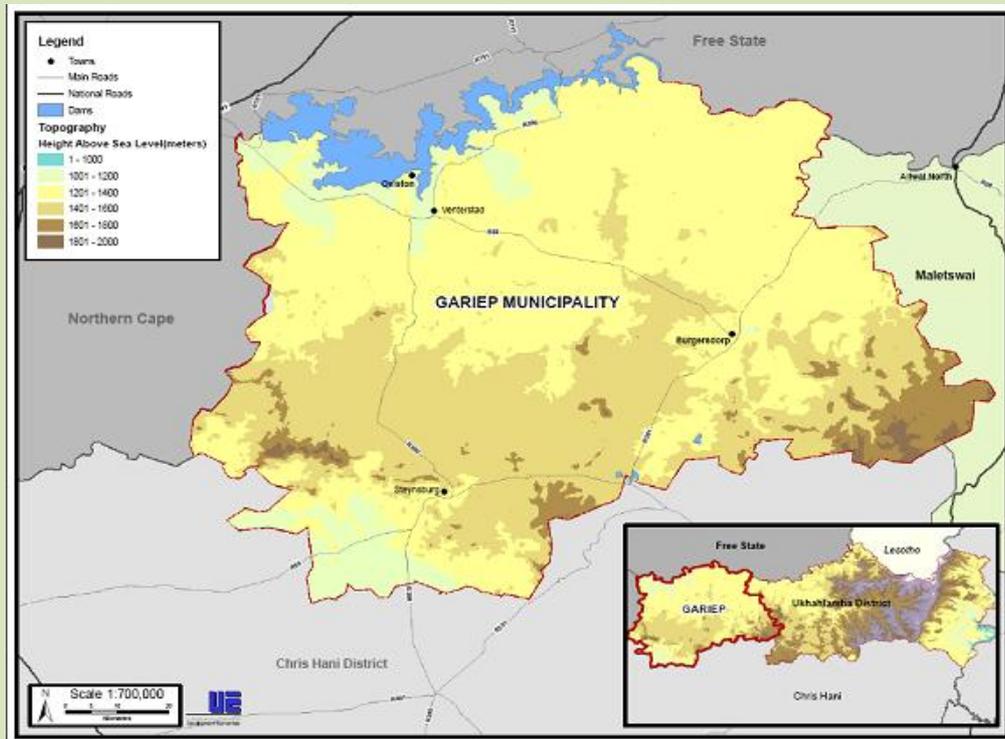
- Maize (provided there is **no frost** and temperatures remain **above 15.6°C**)

Livestock suitability:

- Sheep (varies based on type; excessive **heat and cold effect wool quality**)
- Dairy cattle require temperature ranges of **-1°C to 27°C**, while beef cattle require temperatures of between **0°C and 25°C**.

4.4 TOPOGRAPHY

Figure 4.3: Elevation levels in Gariep



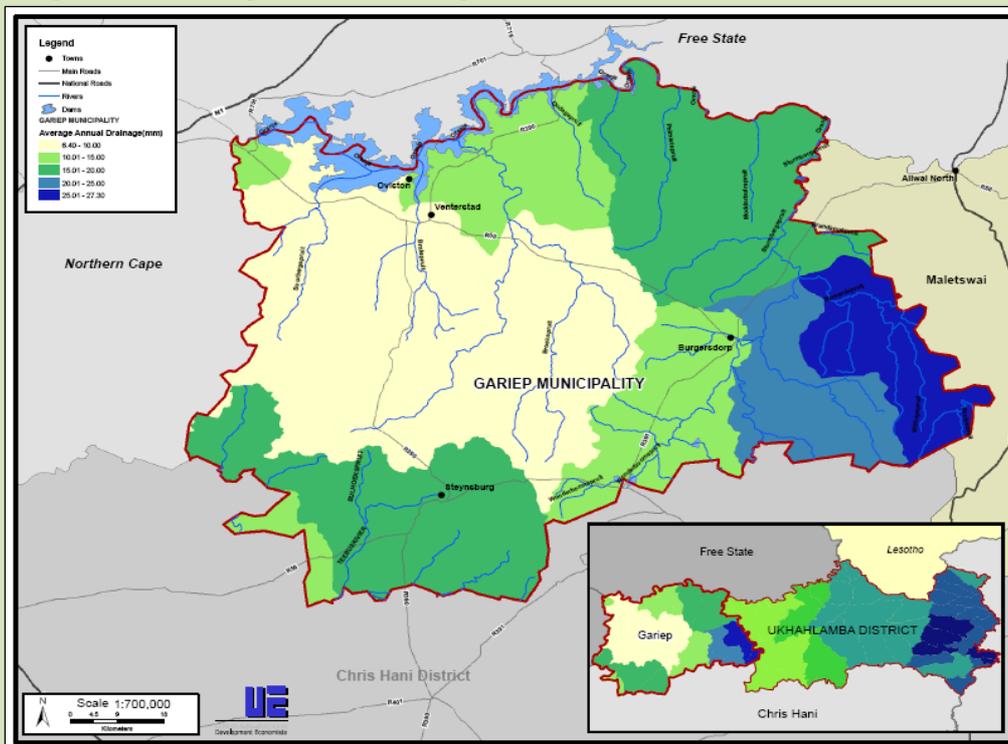
- Topography refers to the general relief of an area and includes the identification of specific landforms.
- The Gariep Local Municipality is dominated by large flat plains.
- These flat plains are broken by low lying mountain ranges and hills.¹⁵
- Elevations in Gariep **average 1000 m to 1500 m above sea level**.
- A central band, running through the middle of the Municipality, is significantly higher than the rest of the LM.¹⁶
- Average elevation in this band is between 1400 m and 1800 m above sea level.
- The land flattens significantly in the north of Gariep, particularly around the Lake Gariep where average elevation is between 1000 m and 1300 m above sea level.¹⁶
- This elevation is also mirrored in the south western portion of Steynsburg.

□ What this means for LED:

- Development should **not occur** where slope gradients are **greater than 20°** without a stringent EIA assessment.
- Limited development (e.g. no crop clearing, but isolated tourist lodges) can occur on slopes with a gradient of 5° to 20°, provided an EIA indicates that the impact is acceptable.
- Slopes with a gradient of between **0° and 5° are suitable for most types of development**.
- Steep slopes have a negative impact on the provision of basic services and communication.
- Earthworks on slopes can result in a loss in vegetation as well as a change in the visual impact of the area.
- The removal of vegetation during the development process can also result in soil erosion, and in certain cases land slides.

4.5 HYDROLOGY AND DRAINAGE

Figure 4.4: Average annual drainage levels



□ Hydrology^{17, 18}

- There are four primary surface water sources in the Gariep LM with the following yields:
 - Gariep Dam 1.8 Mℓ/d
 - JL de Bruin Dam 1.3 Mℓ/d
 - Chiappinis Klip Dam 1.5 Mℓ/d
 - Stormberg River 0.6 Mℓ/d
- Ground water potential in Gariep varies from moderate to high.
- The 19 boreholes in Gariep are used to supply between **0.41 and 0.91 Mℓ/d per annum**.
- These boreholes are situated predominately in the hard rock aquifer type.
- Burgersdorp and Steynsburg use borehole water to **supplement** their water supply.
- Venterstad and Orycton use bulk water from the Gariep Dam and are not presently reliant on borehole water.

□ Drainage^{17, 18}

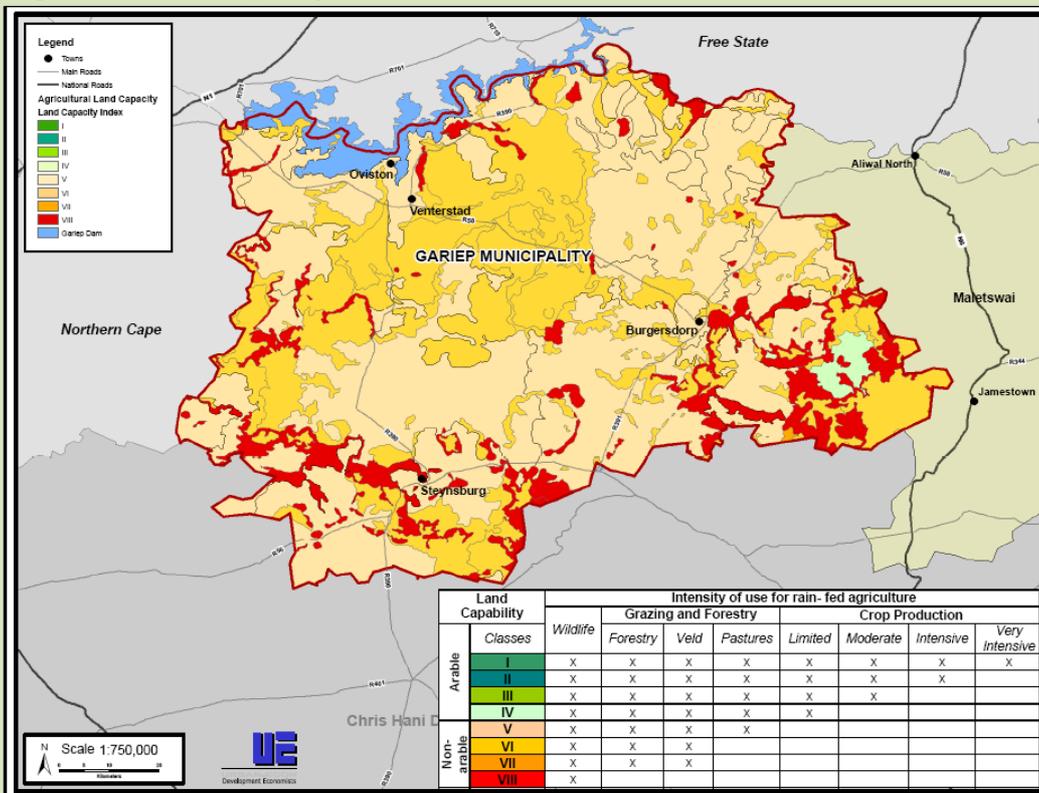
- Drainage patterns in the north are towards the Gariep Dam and the Orange River
- The Gariep Dam and Orange River are major drainage features, with a catchment area of approximately 37,000 km²
- Catchment areas for the other dams and rivers are as follows:
 - JL de Bruin Dam 30 km²
 - Chiappinis Klip Dam 5 km²
 - Stormberg River 30 km²

□ What this means for LED:

- Dams have potential secondary uses as **tourist attractions** (i.e. Gariep Dam.)
- Water provision can be a potential **source of revenue** for the Gariep LM.
- The Orange River system can be tapped into for **irrigation purposes**.

4.6 LAND CAPACITY AND SOIL TYPES

Figure 4.5: Land capacity and classes



□ Land Capability^{16, 19}

- The predominate land **classes are V and VI** which account for 53.4% and 33.7% of land cover respectively.
- Class V and VI are **not suitable for crop** production (see table above) and can only be used as pastures for livestock.
- There are also large amounts of **class VII** land in Gairep. This land is unsuitable for both crop and livestock farming and can **only** be used for **wildlife**.
- There is a **small area** of **class IV** land south east of Burgersdorp with is suitable for **limited crop farming**.

□ Soil Type^{8, 20}

- The Gariep LM is dominated by

claypan soils with a **shallow effective depth**.

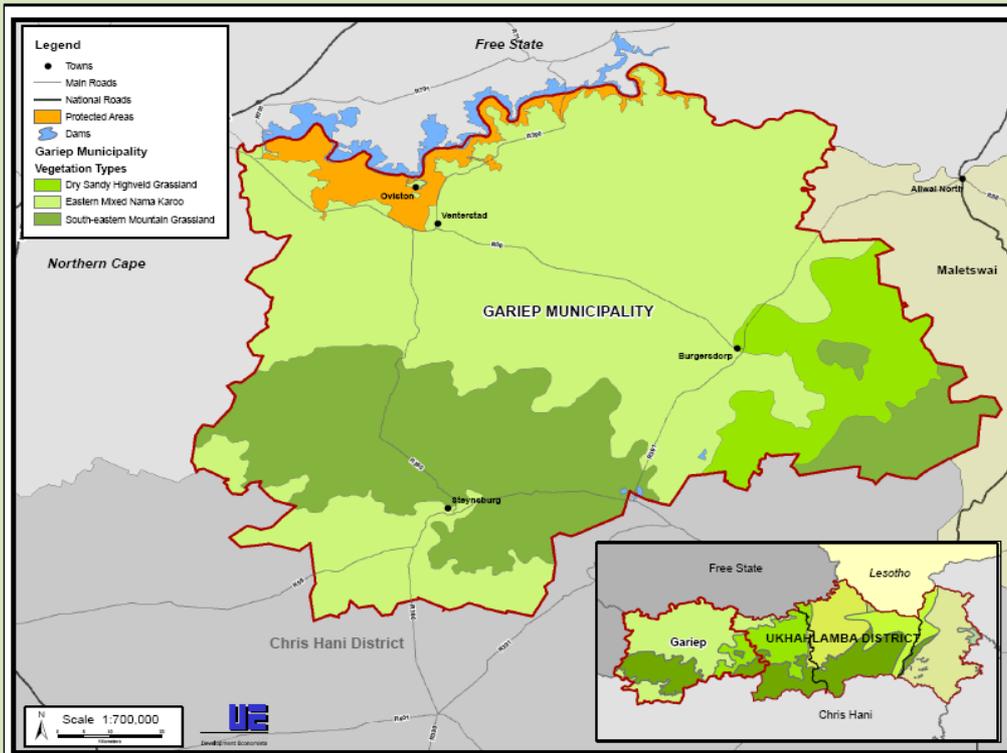
- A secondary component of Gariep's soil is its shallow, rocky soil, consisting of only a layer of topsoil over hard or weathered shale or sandstone.
- Both soil types are highly erodible.

□ What this means for LED:

- Soil type and land capability effectively determines the **type** and **intensity** of **farming** in the Gariep Local Municipality.
- As a result of the soil types and land capability only **0.8%** of Gariep land is suitable for **rain-fed crop production**.
- Degraded land and soil erosion also has a negative effect on grazing land.
- The prevalence of claypan soil in Gariep limits crops to **small pockets** of arable land.

4.7 VEGETATION AND BIODIVERSITY

Figure 4.6: Vegetation types in Gariep



- The vegetation in an area represents an integration of climate and soil as well as a number of other biological factors.
 - The vegetation in the area is primarily classified under the **Grassland biome**.⁸
 - This biome comprises a number of vegetation types.¹⁶ The vegetation types of this biome that occur in Gariep are:
 - Dry Sandy Highveld Grassland
 - Eastern Mixed Nama Karoo
 - South-Eastern Mountain grassland
 - The dominant vegetation type though, is the **Eastern Mixed Nama Karoo**, which accounts for roughly 65% of the LM's vegetation.²¹
 - The Eastern Mixed Nama Karoo vegetation requires more rainfall than the other vegetation types and is also more sensitive to any form of disturbance.
 - South-Eastern Mountain grassland makes for good stock grazing.
- This South-Eastern Mountain grassland however is classified as moderately resilient and excessive grazing can result in degradation.
 - Although the Dry Sandy Highveld Grassland is better suited for grazing, the variable rainfall has resulted in some of the area being transformed into crop farming, particularly maize.
 - The Gariep Local Municipality is also home to the Oviston Nature Reserve.
- What this means for LED:**
- Certain vegetation types i.e. Southern-Eastern-Mountain grasslands, are **better suited for grazing**.
 - The Eastern Mixed Nama Karoo is recognised nationally as a biome of significance, and should be maintained, or if feasible, formally preserved.
 - Potential exists to exploit the natural vegetation to **attract eco-tourists**.

4.8 SYNTHESIS

- ❑ **The Gariiep Local Municipality has a fairly diverse vegetation and is home to three distinct vegetation types, one of which – Eastern Mixed Nama Karoo – is recognised as a nationally significant biome.**
- ❑ **Due to the prevailing soil and rain type, the municipality is not suitable for the large scale production of crops. Crop farming however can still occur in areas under irrigation from the Orange River.**
- ❑ **The land capacity and soil composition also makes the area very susceptible to degradation particularly if overgrazing also occurs.**

CHAPTER 5

SOCIO-ECONOMIC PROFILE

5.1 INTRODUCTION

The socio-economic characteristics of any localised population are fundamental to the overall performance, not only of the economy within which they are active, but also the larger regional economy. Characteristics associated with the socio-economic profile of a community include, but are not limited to, various indicators that have direct bearing on:

- Employability
- Disposable Income
- Access to Amenities

It is important to explore these indicators. Therefore, this section provides an overview of the socio-economic perspective of the Gariep Local Municipality, for the purposes of exploring the underlying fundamentals of the socio-economic and demographic characteristics of the population and integrating the identified issues into economic considerations.

In order to maintain consistency throughout the situational analysis and the strategic framework, the primary source of statistics will be databases compiled by Quantec Research. These databases make use of data from a number of surveys conducted by Stats SA which include:

- 2001 and 1996 censuses
- 2007 community survey
- Quarterly labour force survey
- Income and Expenditure survey

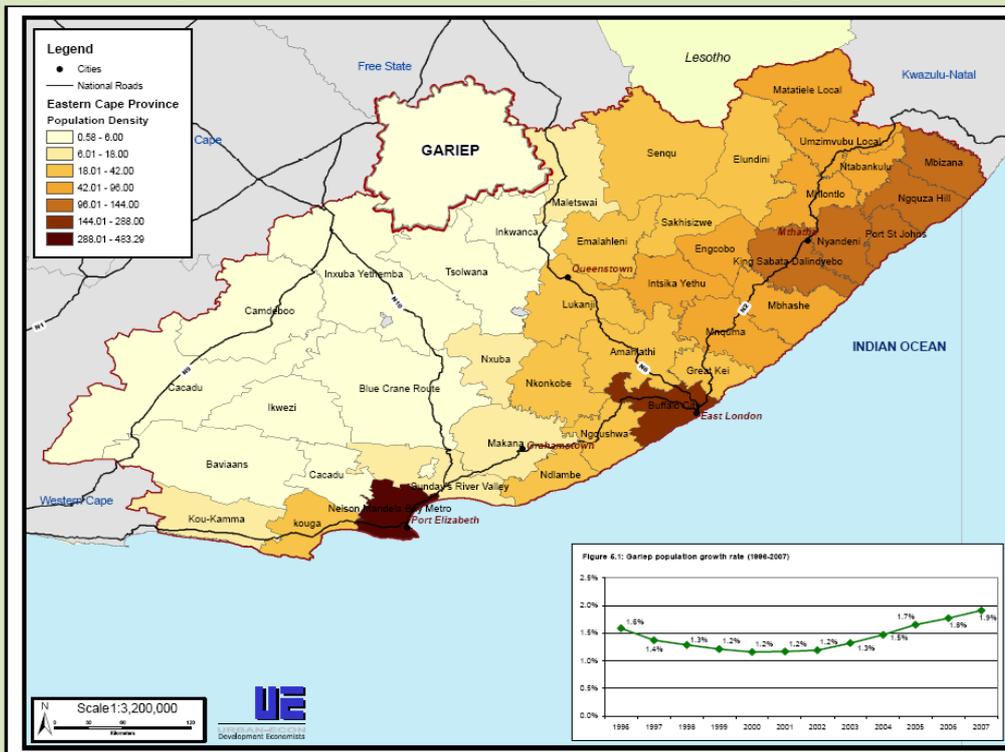
The statistics, although sourced from available secondary data, are recognised as having limitations in terms of strict comparability. Quantec Research however statistically models time series data to provide the user with uninterrupted data series between 1996 and 2007 which allows the user to establish trends. This data is based in all cases on the most recent surveys available from Stats SA. When this data series is used the respective figure, graph or table is sourced as Quantec 2009. Where a particular survey has been used it is indicated as such in the list of sources.

This section of the report is discussed under the following sub-sections:

- Population Size, Density and Growth
- Age and Gender Structure
- HIV/AIDS
- Level of Education
- Employment Status
- Average Household Income
- Synthesis

5.2 POPULATION SIZE, DENSITY AND GROWTH

Figure 5.1 Population densities for Gariep and the Eastern Cape



□ Population Size²³

- The population of Gariep in 2007 was **34,242**.
- This accounts for **9.8% of the District Population** and **0.5% of the Provincial Population**.
- In addition the Gariep LM has the **lowest population** in the UKDM.
- Geographically, the Gariep Local Municipality is a large area, spanning **8,922.2 km²**.

□ Population Density²³

- Owing to the relatively small population size and large municipal area, the population density of the project area was **3.8 persons per km²** in 2007.
- This is well below the **13.5 persons per km²** in UKDM; and **37.0 persons per km²** in the Eastern Cape

□ Population Growth Rate²³

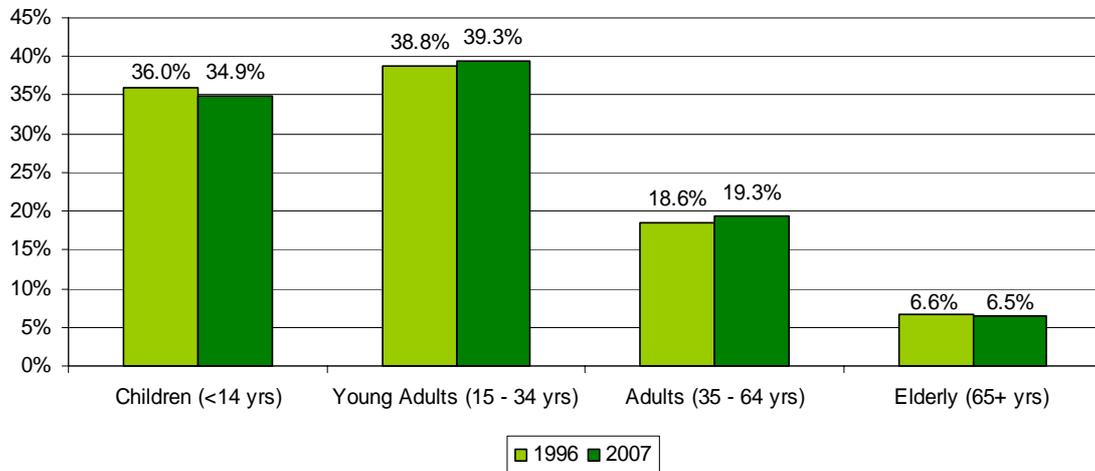
- The population growth rate between 1996 and 2007 was **1.4%**.
- This figure was above both the District (**0.7%**) and Provincial population growth rates (**0.5%**)
- The population growth rate has been **increasing** in Gariep since 2002.
- Between 1996 and 2001 **4,480 people immigrated** to Gariep, primarily from the **Northern Cape**.
- This can be attributed to the better quality services in Gariep.

□ What this means for LED:

- Population growth serves as an indicator of future **demand for economic infrastructure**.
- Population growth also indicated **migration patterns** and what affect this could have on the labour force.

5.3 AGE AND GENDER STRUCTURE

Figure 5.2: Population age structure²²



❑ Age Structure²³

- The potential labour force (i.e. the economically active population between 15 and 64 years) accounts for **58%** of the population of Gariep.
- The Gariep Local Municipality has a large number of young people (**35%**).
- This figure is below both the District average (**39%**) and the provincial average (**37%**).
- There has been very little change in the age structure in Gariep since 1996 other than a nominal **1% decrease** in the number of children.
- Gariep has the **lowest** number of children (i.e. below 14 years) in the District. This indicates both an **older** population and **stable growth** pattern.

❑ Gender Structure²³

- Males account for **47%** of the population while females account for the remaining **53%**. This could be attributed to **outward migration** by males in search of work.

❑ HIV/AIDS



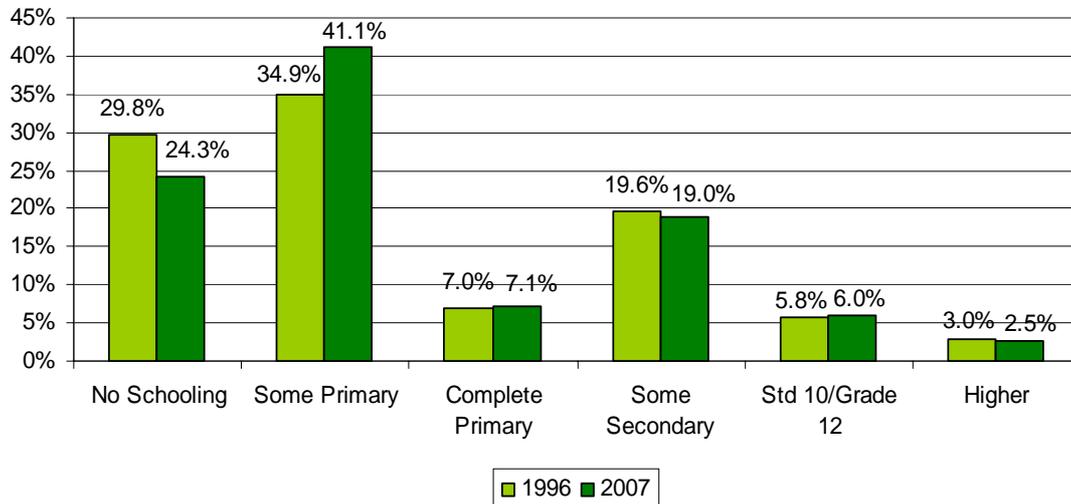
- Statistics show that the HIV and AIDS leads to increased deaths among the **0 to 4 and 25 to 34** year old age categories
- The majority of HIV/AIDS infections occur between the ages of **18 and 25**.
- HIV/AIDS therefore has the strongest impact on the young and economically active population.
- The HIV/AIDS prevalence rate in the District is estimated at **29.9%**.²⁴
- There are currently **277** people on **ARV treatment** at the Burgersdorp hospital.²⁴

❑ What this means for LED:

- The age structure of the Gariep LM establishes the potential **size** of the economically active **labour force**.
- The large number of young people in Gariep can be an indicator of a high dependency on **child support grants**.
- The gender structure is well balanced.
- **HIV/AIDS** figures can **increase** the **cost** of doing business in Gariep.

5.4 LEVEL OF EDUCATION²³

Figure 5.3: Education Level in Gariep²²



- The Gariep LM has the highest number of people in Ukhahlamba with **no schooling (24.2%)**.
- This figure is comparable with:
 - UKDM: 21.3%
 - Eastern Cape: 19.5%
 - South Africa: 16.9%
- Although this figure is high, it has shown a moderate decline since 1996 when **29.8%** of the population of Gariep had no schooling.
- This high number of people with no schooling could be attributable to the **low number of primary schools** in the area.
- Gariep however has the highest number of people in Ukhahlamba with some **secondary education at 19.0%**.
- Accordingly, **75.5%** of the population of Gariep Local Municipality have **basic literacy and numeracy skills**.
- This is a positive sign as it shows the effectiveness of the basic education services offered in the area.
- **1,839 people** or **6.0%** of the population have completed matric.

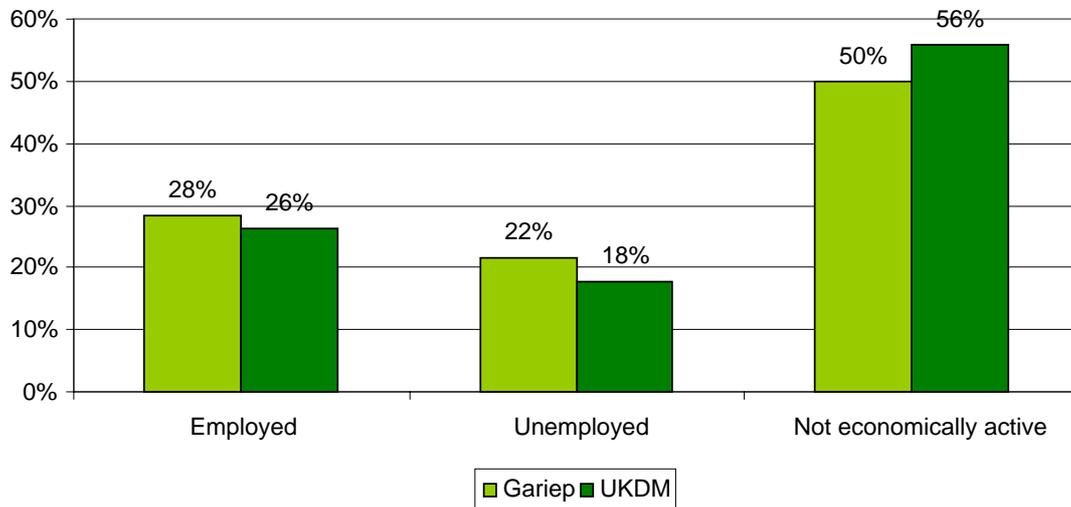
- Only **2.5%** of the population have some form of higher education (i.e. a university degree).
- Furthermore, this figure has decreased since 1996 when **2.9%** of the population had some form of higher education.
- This decrease is probably the result of **limited employment opportunities** for highly skilled workers which results in the **outward migration of skilled professionals** from Gariep.
- This is a very worrisome trend as the as an inadequate number of workers with high skill levels could **potentially discourage investors**.

□ What this means for LED:

- A low level of education has a negative impact on the **employability** of the Gariep workforce.
- The quality of education in Gariep, however also determines employability.
- The lack of skills is the result of **limited opportunities** for further education once learners have completed matric.

5.5 EMPLOYMENT STATUS²³

Figure 5.4: Employment status²²



- The employment status comprises those individuals who are²⁵:

Employed have within the last seven days performed work for pay.

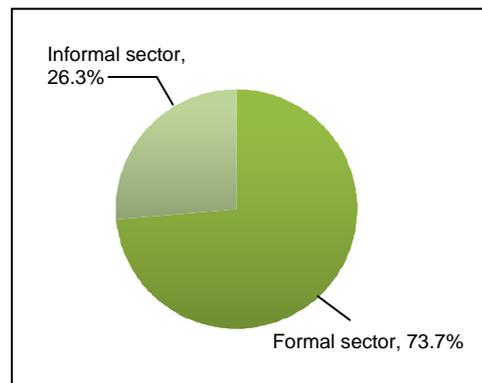
Unemployed (i.e. Those people within the economically active population who: did not work during the seven days prior to the interview; want to work and are available to start work within two weeks of the interview; and have taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview.)

Not economically active (i.e. A person who is not working and not seeking work or not available for work)

- The total number of **unemployed** individuals in Gariep in 2007 was 4,370 or **22.3%** of the labour force.
- In comparison the **UKDM** unemployment rate was only **17.9%**. Conversely, **28.3%** of the labour in Gariep is **employed** – 2% above the Ukhahlamba average.
- **50.3%** are considered **not economically active**.

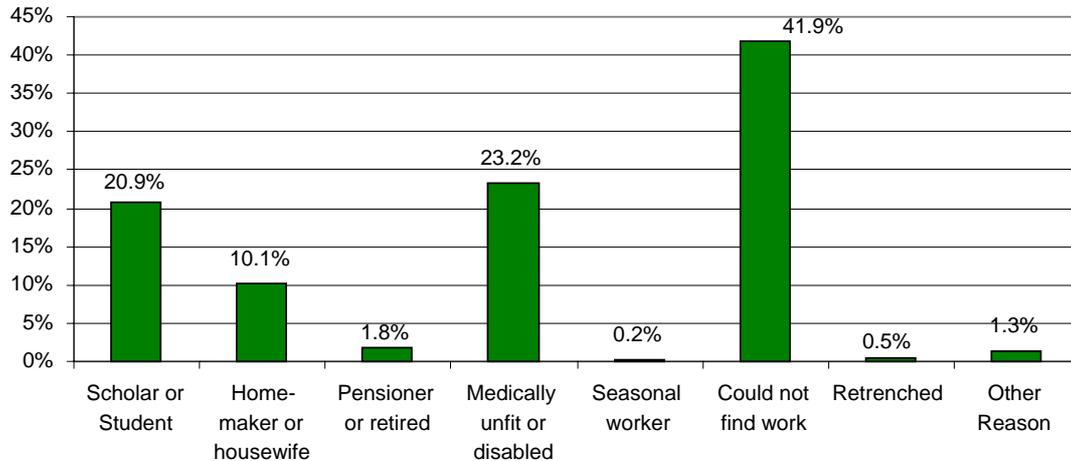
- Based on these figures the **dependency ratio** (i.e. number of employed individuals to the number of unemployed and not-economically active individuals) is **1: 2.5**.
- Although Gariep's employment is above the District level, **unemployment is 4% higher**.
- Figure 5.4 shows the difference between formal and informal sector employment in Gariep.

Figure 5.4 Formal and Informal employment²²



- Job growth in Gariep has been erratic with employment having **shrunk** by an average **1.9%** since 1996.

Figure 5.6: Reasons for Not working²⁶

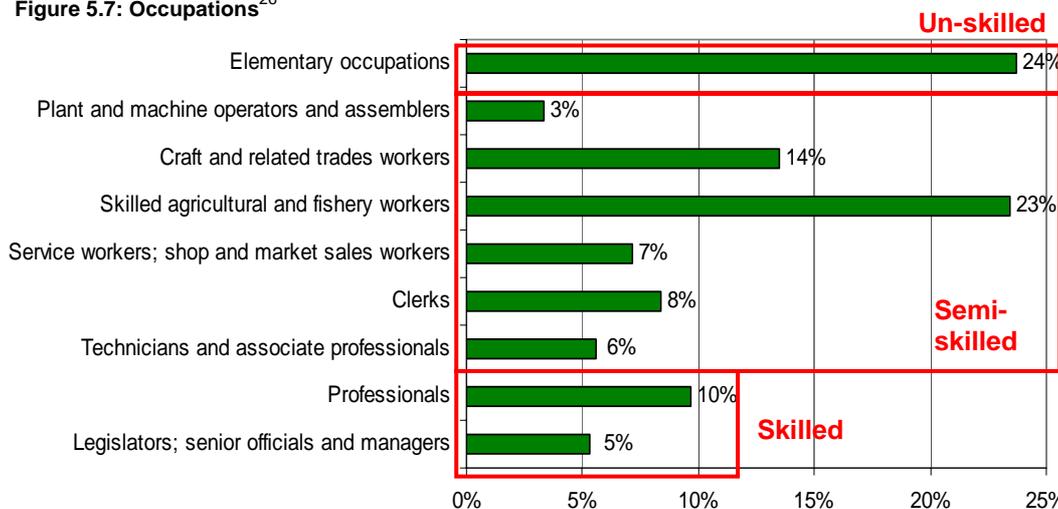


- The main reason for not working is that people **could not find work** (Figure 5.5). This indicates that **unemployment** is probably **understated**.
- The majority of the workforce (**61%**) is **semi-skilled** (Figure 5.6. This can be attributed to the high number of individuals with some secondary education.
- **Skilled occupations** only account for **15%** of the workforce.
- Most of the **semi-skilled** and **skilled** workforce is located in **Burgersdorp**.

□ **What this means for LED:**

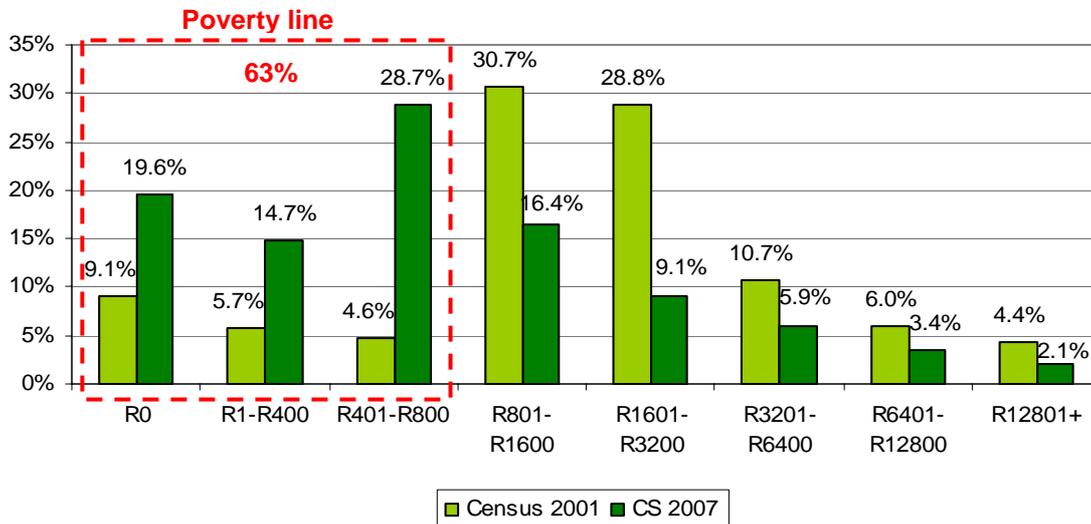
- Employment status serves as a **base line** from which to assess the success of future economic development initiatives on job creation.
- The expansion and development of tertiary and secondary industries is **inhibited by the dominance of semi-skilled professionals**.
- The prevalence of unskilled employment in Gariep also indicates the **need for skills development** and education programs.

Figure 5.7: Occupations²⁶



5.6 AVERAGE HOUSEHOLD INCOME²²

Figure 5.8: Average Monthly Household Income²²



- Household income is defined as the **combined income of all members of a household**.
- The **determination of the income** includes:
 - Labour remuneration
 - Income from property
 - Transfers from government (including pensions)
 - Transfers from incorporated businesses
 - Transfers from other sources
- **19.4%** of the households in Gariep lived **below the poverty line** (i.e. a household earning less than R 800 a month or R 9,600 annually) in 2007.
- This translates into an estimated **1,024 households** in Gariep that live in poverty.
- Although this figure is high, it is significantly below the Eastern Cape figure of households living in poverty (**31.9%**) and the District poverty level (**37.5%**).
- The majority of households in Gariep (**59.5%**) earn between **R 9,601 and R 38,400** annually (or R 801 to

- R 3,200 monthly).
- Only a very small number of households (**21.1%**) earn in excess of **R 1,600 a month** (or R 38,401 a year).
- Of this figure only **4.4%** earn more than **R 12,800 a month**.
- The average annual household income in Gariep is **R 3,307** or **R 276 per month**.
- This is comparable with the **Eastern Cape (R 4,628 a year)** and **Ukhahlamba (R 2,700 a year)**.
- Other comparisons with local municipalities in the Chris Hani District municipality adjacent to Gariep:

| | |
|--------------------|----------------|
| Tsolwana LM | R 2,797 |
| Inkwanca LM | R 3,143 |
| Inxuba Yethemba LM | R 5,513 |

□ What this means for LED:

- Households **lack sufficient buying power** to exploit local economic developments.
- Indicates that there is a need for government to **intervene to assist poor communities**.

5.7 SYNTHESIS

| VARIABLE | FINDINGS |
|--|---|
| Population Size | <ul style="list-style-type: none"> 34,242 in 2007 |
| Population Density | <ul style="list-style-type: none"> 3.8 persons per km² Eastern Cape and Ukhahlamba population density is 37.0 persons per km² and 13.5 persons per km² respectively. |
| Growth rate | <ul style="list-style-type: none"> Between 1996 and 2007 it was 1.4% This figure is above both the Eastern Cape and the UKDMs population growth rate |
| Age Structure | <ul style="list-style-type: none"> 34.9% are under 15 years old. The largest group based on age group is 15 to 34 years old, making up 39.3% of the population. |
| Level of Education | <ul style="list-style-type: none"> 24.3% have no education. This figure has decreased since 1996 when it was 29.8%. 6.0% have Matriculated, the Eastern Cape average is 7.5% |
| Level of Employment | <ul style="list-style-type: none"> 22.3% are officially unemployed 50.3% are not economically active. In the reasons given for not working 41.9% cite the inability to find work while 20.9% are students. |
| Occupation Profile | <ul style="list-style-type: none"> Employment is concentrated in menial, low paid and low skilled occupations. 24.1% of employed persons are employed in elementary occupations. |
| Average Weighted Annual Household Income | <ul style="list-style-type: none"> R 3,307 (or R276 per month) in the Gariep Local Municipality In comparison the Average Weighted Household Income <ul style="list-style-type: none"> for Eastern Cape is R 4,628; for Ukhahlamba is R 2,700; |

| VARIABLE | WHAT THIS MEANS FOR LED |
|------------------------------------|---|
| Population Size | <ul style="list-style-type: none"> Serves as an indicator of: <ul style="list-style-type: none"> Outward/inward migration Future demand for economic services |
| Age Structure | <ul style="list-style-type: none"> Serves as an indicator of potential size of the labour force High young population means that there could be high dependency on child support grants |
| Level of Education | <ul style="list-style-type: none"> Can have a negative impact on employability of labour force |
| Level of Employment | <ul style="list-style-type: none"> Serves as a baseline from which to assess future economic development initiatives on job creation |
| Average Weighted Monthly Household | <ul style="list-style-type: none"> Indicates number of people living below poverty line Indicates relative buying power of population |

CHAPTER 6**ECONOMIC PROFILE****6.1 INTRODUCTION**

This analysis of the economic profile and trends in the Gariep Local Municipality forms the basis of identifying comparative and competitive advantages and potential economic opportunities that may be exploited by Gariep to the benefit of local residents.

It is recognized that at the time of developing the LED Strategy a world-wide economic downturn was taking place. However, given the fact that the strategy is a medium term strategic plan, a longer term view has been taken on economic growth. While economic growth may slow down in 2009/2010, it will inevitably turn around again in the medium term. The negative impact on the Ukhahlamba economy will therefore not be protracted.

This chapter presents an overview of the current trends in the local economy and uses econometric techniques to analyse trends within the various economic sectors within the Local Municipality.

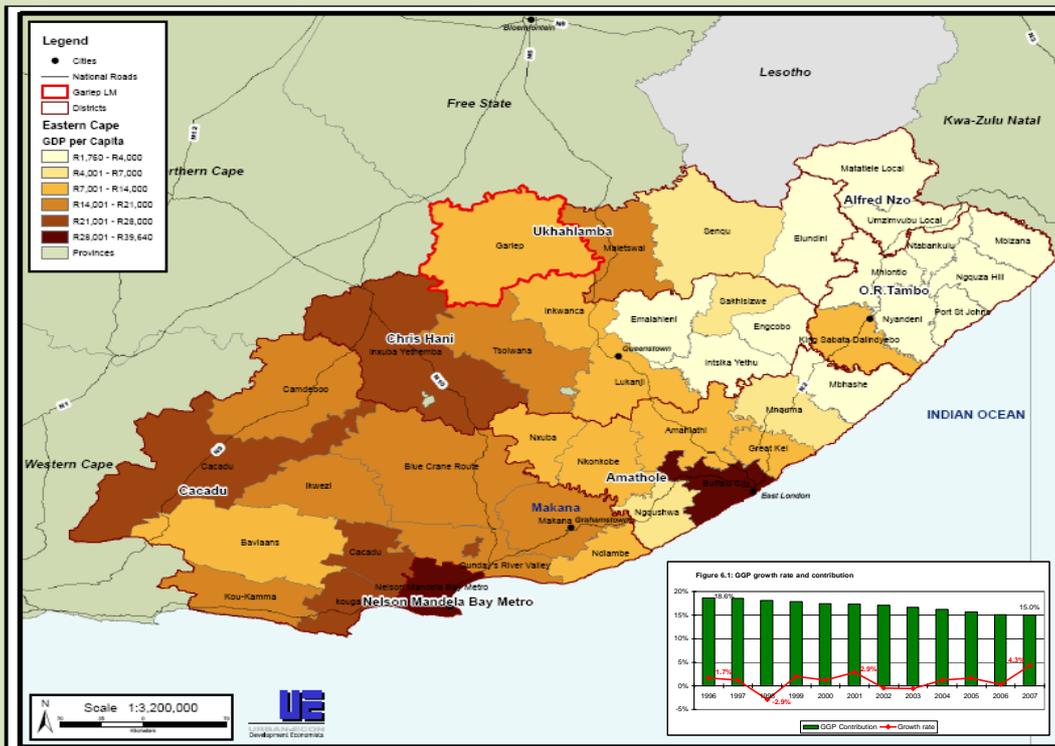
The outcomes of this assessment will be used to conduct an economic potential assessment and will provide the foundation for the identification of local economic development programmes and projects.

This chapter is discussed under the following sub-sections:

- Overall Economic Performance
- Sector contribution to Gross Geographic Product
- Sector profiles
- Synthesis

6.2 OVERALL ECONOMIC PERFORMANCE²²

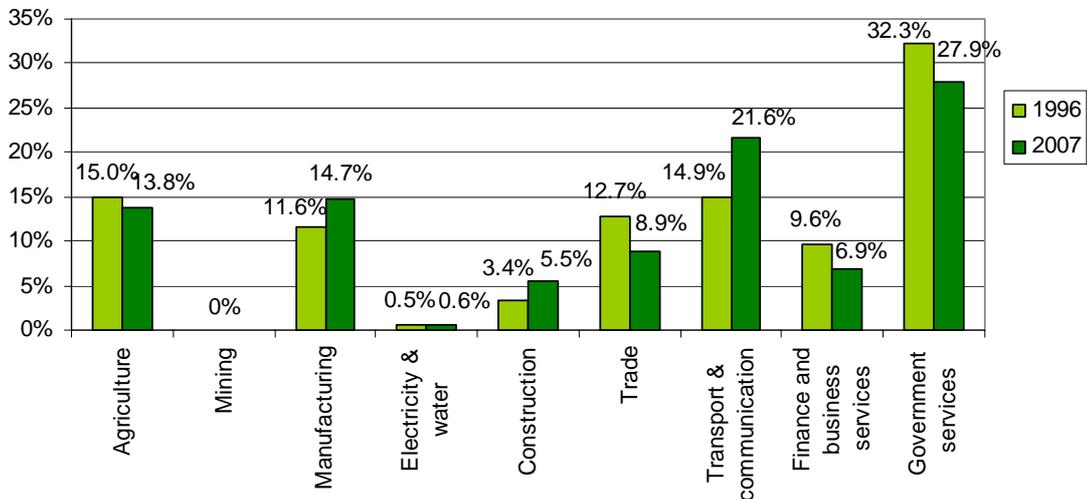
Figure 6.1: GGP per capital for Gariep and the Eastern Cape



- The GGP of Gariep was **R 309.468 million** in 2007
 - **GGP per capita** (i.e. GGP over the total population) is **R 9,042** – the second highest in the Gariep LM. This however is attributable to the **small population size**.
 - The Gariep LMs GGP contribution to the Ukhahlamba District Municipality and to the Eastern Cape as a whole was **14.9%** and **0.3 %** respectively.
 - The average annual **economic growth rate** between 1996 and 2007 was **1.1%** per annum.
 - The average growth rate for the UKDM and the Eastern Cape over the over this same period was **3.1%**.
 - The Gariep LM **failed to outperform** both the District Municipality and the Eastern Cape growth rate.
 - In addition the Gariep LM had a lower economic growth rate than any of its neighbouring local municipalities.
- It must however be remembered that this economic growth was occurring of a **very low base**, which resulted in several significant fluctuations in its performance.
 - The Gariep LM GGP contribution to the District economy has also **been declining since 1996**.
 - In 1996 the Gariep LM contributed **18.6%** of the Districts GGP. This figure declined to **14.9%** in 2007.
- What this means for LED:**
- The economic growth rate and the Gariep LM GGP contribution to the District economy, provide **baseline information** from which to assess the success of economic initiatives in the Gariep LM.
 - Past **economic data** is also a key information requirement for businesses wishing to invest in an area.

6.3 SECTOR CONTRIBUTION TO GGP²²

Figure 6.2: Sector Contribution to GGP²²



- Largest contributor to GGP is government services (**27.9%**).
- Other major GGP contributors are:
 - Transport and Communication (**21.6%**)
 - Manufacturing (**14.7%**)
- **Manufacturing, Construction and Transport and Communication** sectors have all grown since 1996.
- The evidence from the Figure 6.1 shows that the economy is skewed towards the government services sector. There has however been a steady decline in the contribution of this sector, with the 2007 contribution down 4.4% from the 1996 contribution.
- **Agriculture** only contributes **13.8% to GGP** even though it is the largest private sector employer in Gariiep, employing **27.5%** of the workforce.
- Agriculture is a primary industry and hence is characterised by low commodity prices and low value addition. It is further highly susceptible to unanticipated commodity price contribution fluctuations meaning that

its sector can vary considerably from year to year.

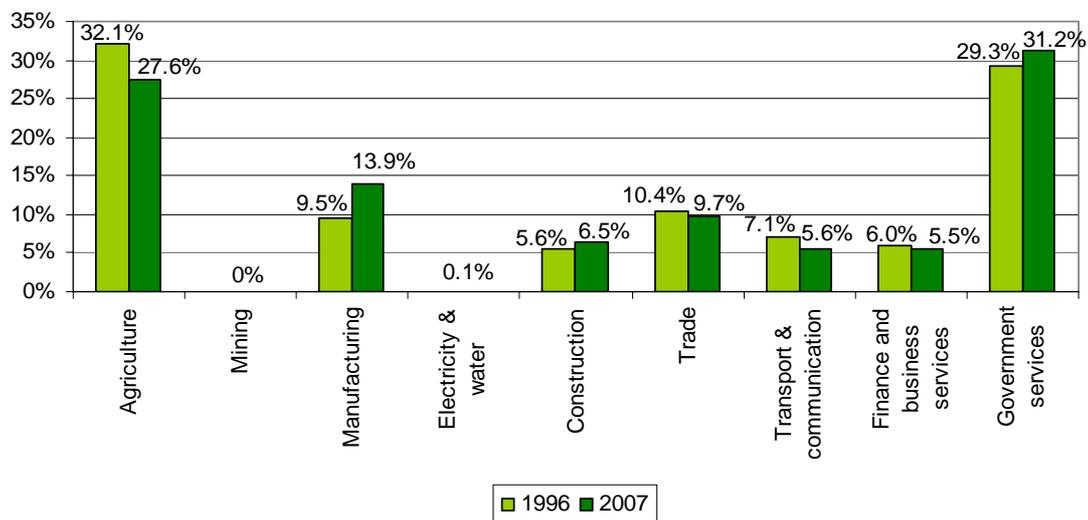
- Agriculture is an important economic sector in the region given that it is **labour intensive and provides low skilled employment**. However it is a low contributor to GGP and also only offers low paying jobs.
- The government services sector is another important sector in the economy even though it has exhibited a declining contribution to GGP.
- This however is not uncommon with the UKDM economy exhibiting the same trend.

□ What this means for LED:

- Evidence shows that the **economy is skewed** towards unproductive sectors and **needs to be diversified**
- Development should focus on the **agricultural** (particularly **agro-processing**), **manufacturing** and **government services** sectors.
- Furthermore, attention should be given to the **development of SMMEs**.

6.4 SECTOR CONTRIBUTION TO EMPLOYMENT²²

Figure 6.3: Sector contribution to employment²²



- Although the **Agricultural sector** only contributes 13.8% to the total GGP of Gariep the **single largest private sector employer** in the area, employing **27.6%** of the workforce.
- Although the Agricultural sector is one of the largest employers in the area, it has shown the sharpest **decline in employment** of all the sectors since 1996 (**4.5%**).
- This means that the Agricultural sector has **shed 782 jobs** over the last 11 years.
- Possible reasons for this decline could be:
 - **Increased mechanisation** of farming meaning that fewer permanent workers are required
 - Farmers being **unable to compete with the higher, non-seasonal wages** offered by employers in towns
- The second point is supported by the fact that two sectors, namely **manufacturing and construction**, which are primarily centred in towns, have **shown employment growth**

since 1996.

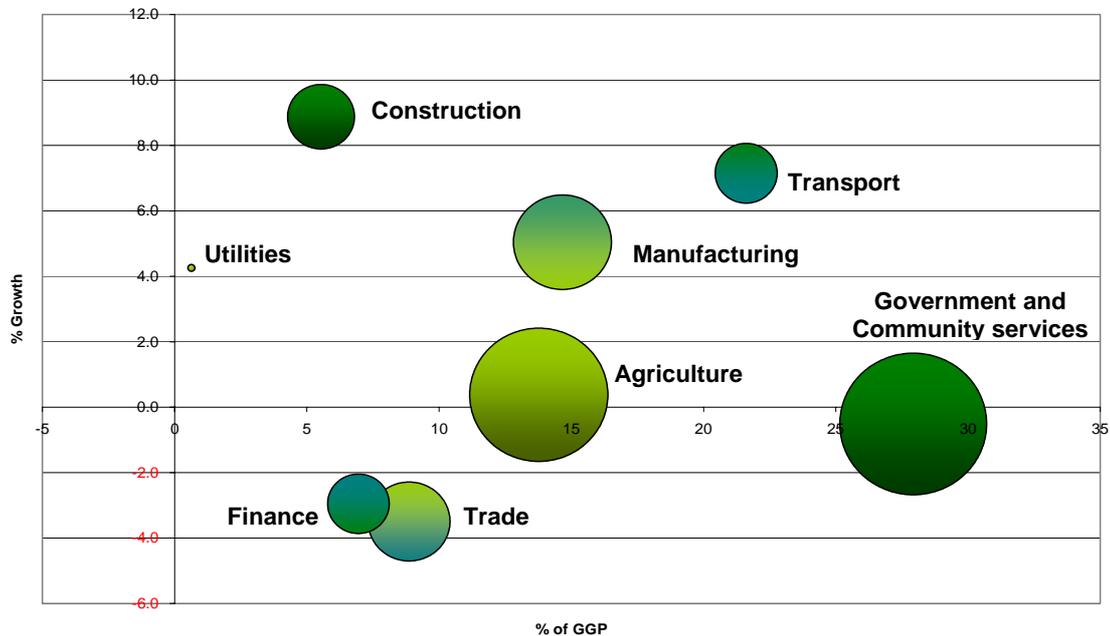
- The **manufacturing sector** in fact has shown a **4.4% increase** in employment since 1996, suggesting that a large number of unemployed **agricultural workers** have been **absorbed** into the manufacturing sector.
- Other sectors that have shown employment growth since 1996 are the **Construction** sector (**0.9%**) and the **Government and Community Services** sector (**1.9%**).
- Although these sectors have shown limited employment growth, the Gariep economy has still **shed 570 jobs since 1996**.

□ What this means for LED:

- The sectoral employment in combination with the sectoral contribution to GGP helps to **identify** which **sectors are labour and capital intensive**.
- This serves as an **indicator** of which **sectors** can potentially **drive job creation** in the Gariep LM.

6.5 RELATIVE IMPORTANCE OF SECTORS²²

Figure 6.4: Relative importance of sectors²²



- Each bubble represents a sector. The larger the bubble representing each sector, the more employment there is within the sector. The further along the x axis the bubbles are positioned, the higher the sector contribution to GGP. The higher on the y axis, the higher the growth in GGP experienced by each sector.
- A significant finding of this diagram is that no sectors have high growth and high sector contribution to GGP
- The **transport sector** however has a fairly large contribution to GGP and has grown by an average **7.1%** since 1996.
- The **mining and utilities** sectors are both **low share, low growth sectors** and have not contributed significantly to the local economy.
- The main contributors to Gariep's GGP are the **government and community services sector** and the **manufacturing sector**.

- It is evident that the government services (**31.2%**) and the agriculture (**27.5%**) sectors are the largest employers but have the slowest growth.
- The transport and communications sector is clearly a growth sector with the third highest growth rate (**7.1 %**) and third largest contribution (**21.6 %**).
- The transport & communication and finance & business sectors are relatively the same size in terms of the number of people that they employ.
- The mining and utilities sectors are by far the smallest employer in Gariep.
- The **construction** sector has the **highest growth rate**.

□ What this means for LED:

- This diagram clearly illustrates **priority sectors** (i.e. **government services; agriculture; manufacturing and trade**) which the Gariep LM should directly its economic development initiatives towards.

6.6 COMPARATIVE ADVANTAGE²²

Table 6.1: Location Quotient

| Sector | 2001 | 2007 |
|-------------------------------|------|------|
| Agriculture | 3.94 | 3.87 |
| Mining | 0.00 | 0.00 |
| Manufacturing | 0.72 | 0.94 |
| Electricity & water | 0.16 | 0.17 |
| Construction | 1.05 | 1.31 |
| Trade | 0.65 | 0.61 |
| Transport & communication | 1.68 | 1.83 |
| Finance and business services | 0.45 | 0.37 |
| Government Services | 0.71 | 0.82 |

Source: Urban-Econ EC Calculations Based on Quantec (2009)

- A product that has a more competitive function in a specific regional economy than in the aggregate economy (provincial or national), constitutes a comparative advantage.
- This is thus an indicator of whether or not a specific economy produces a product or renders a service more efficiently than elsewhere in the aggregate economy.
- The **comparative advantage** that a specific sector has in the economy may be **measured** through the calculation of a **location quotient (LQ)**.
- The location quotient compares the relative contribution of a sector in the local economy, with the contribution of the sector to the regional economy.
- A **location quotient**, as a tool, **does not take into consideration external factors**, such as government policies, investment incentives and proximity to markets etc., which can influence the comparative advantages of an area.
- The location quotient can be interpreted as follows:

A **LQ greater than 5** is very high and suggests a **high level of local dependence** on this sector.

If the location quotient is **greater than 1.25**, than that sector is **servicing the needs** that extend beyond the boundaries of the local area. This sector is therefore **likely** to be **'exporting' goods** and services.

If the location quotient is **between 0.75 and 1.25**, the community is **self-sufficient** in this sector.

If the location quotient is **less than 0.75**, local needs are not being met by the sector and the municipality is **importing goods** and services in that sector.

❑ What this means for LED:

- Gariep possesses a strong comparative advantage in terms of **agriculture (3.87)**.
- Agriculture has a high LQ as this sector is a significant employer in Gariep, it also exports agricultural goods to other towns outside the Municipality.
- It also enjoys a relative comparative advantage in the **transport and communication** sector; (**1.83**) and **construction** sector (**1.31**).
- The LQ for both the construction and transport and communication sectors has increased significantly since 2001.

6.7 LAGGING/LEADING ANALYSIS²²

Table 6.2: Leading-Lagging Analysis

| Sector | LQ 2007 | Prov. SRG | Local SRG | Carvalho Classification | Industry Targeting Classification |
|------------------------------|---------|-----------|-----------|-------------------------|--|
| Agriculture | 3.87 | Lagging | Lagging | Challenging | Prospects limited by external trends and declining competitiveness |
| Mining | 0.00 | Leading | Lagging | Modest | Prospects limited by weak base and declining competitiveness |
| Manufacturing | 0.94 | Lagging | Leading | Transitional | Prospects limited by external trends |
| Electricity & Water | 0.17 | Leading | Lagging | Modest | Prospects limited by weak base and declining competitiveness |
| Construction | 1.31 | Leading | Leading | Accelerating | Current Strength |
| Trade | 0.61 | Leading | Lagging | Modest | Prospects limited by weak base and declining competitiveness |
| Transportation/Communication | 1.83 | Leading | Lagging | Yielding | High priority retention target |
| Finance & Business | 0.37 | Leading | Lagging | Modest | Prospects limited by weak base and declining competitiveness |
| Government Services | 0.82 | Lagging | Lagging | Marginal | Prospects limited overall |

Source: Urban-Econ EC Calculations Based on Quantec (2009)

- **Provincial/Local Sector Relative Growth (SRG)** indicates if a selected sector's growth at the local level was higher/lower than the provincial growth overall.
- The **Carvalho Classification** is a system of evaluating an economy's performance, verbally, based on three indicators namely: employment specialization (location quotient), and the industrial effect and regional/local effect from shift share analysis.
- This **Industry Targeting Classification system** is similar to the Carvalho model in that it is based on a combination of the LQ, PSRG

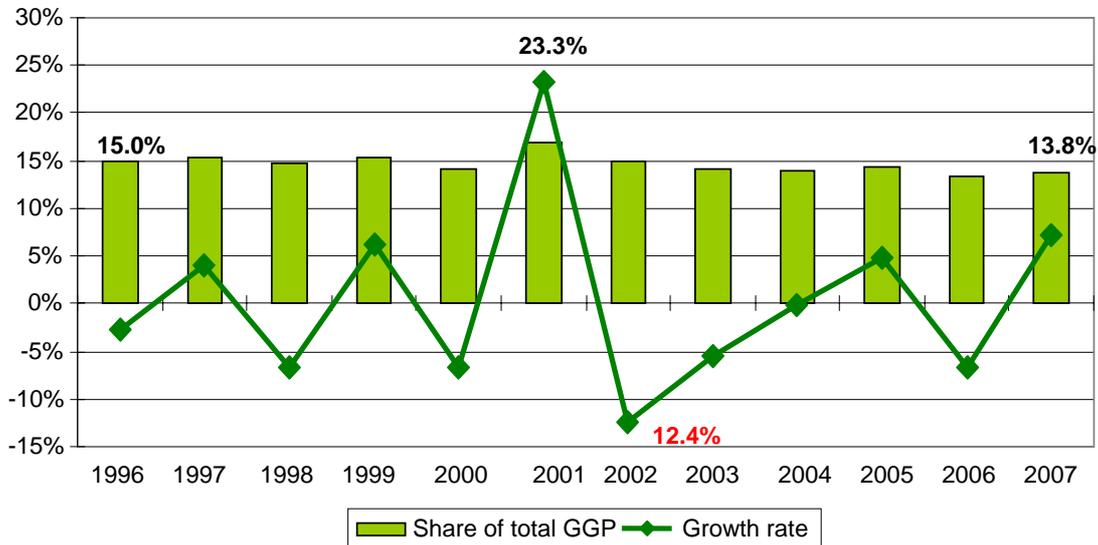
and LSRG values and is expressed verbally not numerically.

□ What this means for LED:

- Table 6.2 shows that the **manufacturing sector** grew faster than the provincial average.
- While the **trade sector lags behind the provincial average** there are still **limited prospects** however there is also declining competitiveness in this sector.
- Although the **government sector** is a larger employer in Gariep, its economic prospects are however **limited overall**.

6.8 SECTOR PROFILE: AGRICULTURE

Figure 6.5: GGP growth in the Agricultural Sector²²



❑ GGP and Employment

- The agricultural sector is the largest private sector employer in Gariep, employing **28%** of the labour force.
- Employment levels in the agricultural sector however have **declined** consistently since 1996 when the agricultural sector employed **32%** of the labour force.
- The agricultural sectors' **GGP** in 2007 was **R 42,651,559**.
- This contribution amounted to **13.8%** of Gariep's total GGP in 2007. This was down from 1996 when it contributed **15%** of the Municipalities GGP.
- The agricultural sectors **GGP growth rate** has fluctuated **erratically**. This is due to the fact that agricultural output varies based on external conditions.

❑ Agricultural trends

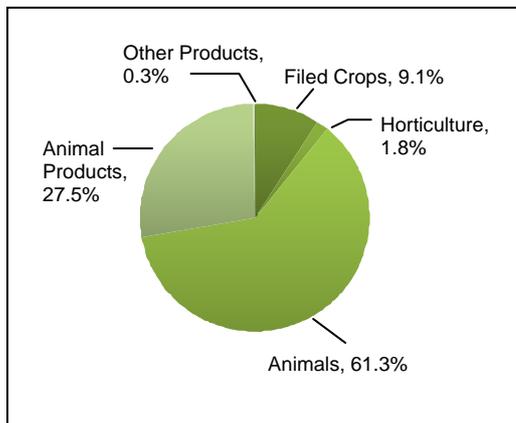
- There are an estimated **250**

commercial farmers and **+/- 100 emerging farmers** in the Gariep LM. Average commercial farm size ranges from **2,000 to 2,600 hectares**.²⁷

- Emerging farmer's plots are significantly smaller (usually **less than 20 hectares**), with many **emerging farmers using municipal commonages** to graze their cattle.²⁷
- The main types of farming in Gariep are:
 - **Sheep** (for wool and meat),
 - **Cattle** (both dairy and stock, but **mainly stock**)
 - **Maize**
- There is also **limited ostrich farming** (primarily for **meat**) in the south-eastern part of Gariep, near Jamestown.
- Other types of animals reared on a small scale in Gariep include: Angora goats, pigs and chickens.
- **Game farming** in Gariep is still **undeveloped**, with only a few farmers exclusively rearing game for meat and hunting purposes.

- Field crops and horticultural products generated an estimated **R 12.239 million** for Gariep farmers in **2001**.²⁸
- **61%** of this income however came from **lucerne** growth which is primarily used as fodder for cattle and sheep.²⁸
- Most **maize** grown in Gariep is on a very small scale and restricted to areas **under irrigation** from either the Orange River or the Gariep Dam.
- Extensive use of the Orange River for crop irrigation is **limited** due to the **high cost** of accessing this water.

Figure 6.6: Gross farming income by main farming division²⁸



- Figure 6.6 indicates that the **primary** source of **income** for farmers is **animal husbandry** (61.3%) which includes all forms of livestock farming, including poultry and game farming.²⁸
- The other major contributor, which accounts for **27.5%** of income, is **animal products** which includes milk, wool, mohair and hides/skins.²⁸

□ What this means for LED:

- The Gariep IDP recognised agriculture as a key growth area, particularly in the area of **agro-processing (manufacturing)**.
- Other key growth areas are **game farming, agro-logistics, and speciality products (i.e. organic)**

6.9 MINING

□ GGP and Employment²³

- The mining sector in Gariep is very small and currently does **not employ anybody**.
- The sector contributed **R 35,086** to the Gariep Local Municipalities GGP in **2007**.
- In addition mining GGP has increased since **1996** when it only contributed **R 18,342** to the Gariep Local Municipal economy.
- The mining sector has also shown a reasonable GGP **growth** of **6.5%** between 1996 and 2007.
- Again however, it must be recognised that this growth is occurring off a very low base.

□ Mining trends¹⁶

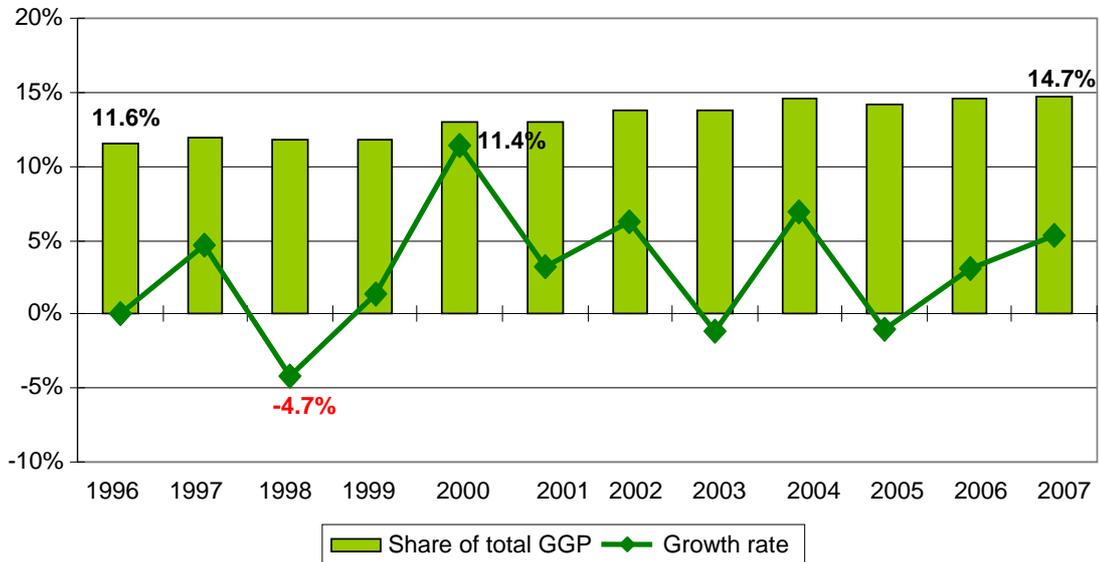
- The geological profile of Gariep indicates that the main rock type in the area is **mudstone**.
- Other rock types found in the Gariep include **Dolerite, Basalt and Arenite**. These however are in small quantities.

□ What this means for LED:²⁹

- Both dolerite and basalt can be used during **road construction** and **maintenance** as roadstone aggregate.
- Basalt is also a **source of iron ore, sapphires** and native **copper**.
- A **full geological survey** should be conducted to investigate the likelihood of such resources being located in Gariep.
- Basalt and dolerite can also be used to produce **paving stones** and **floor tiles**.
- Mudstone can be used for **pottery**, the manufacture of **bricks** and **roof tiles** and **cement**.

6.10 SECTOR PROFILE: MANUFACTURING

Figure 6.7: GGP growth in the Manufacturing Sector²²



□ GGP and Employment²³

- Manufacturing is the second largest private sector employer in Gariep, employing **557 people** or **13%** of the labour force.
- **Employment** in the manufacturing sector has shown moderate but consistent **growth**, with employment growth between 1996 and 2007 averaging in excess of **2%**.
- **GGP** in 2007 for the Manufacturing sector was **R 45,423,614**.
- This contribution amounted to **14.6%** of Gariep's total GGP in **2007**. This was grown since **1996** when manufacturing only accounted for **11.7%** of Gariep' GGP.
- The sectors GGP growth has averaged **3.0%** over the last 12 years.

□ Manufacturing trends

- Although manufacturing is the second

largest sector in terms of employment, most manufacturing operations are small in nature, employing no more than **10 people**.

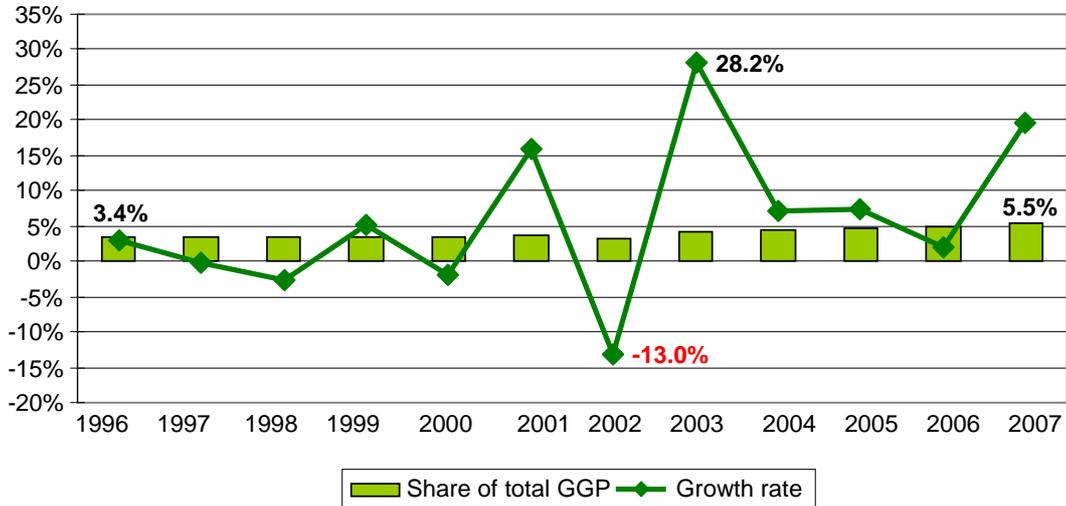
- Most manufacturing enterprises are located in the town of **Burgersdorp** as it is the primary economic centre of the Municipality.
- There are a **number of small SMME's** in the manufacturing sector, producing a limited number of products to sell to local consumers.
- Specific enterprises in this sector include:
 - Furniture manufacturing
 - Cheese production

□ What this means for LED:

- As one of the larger sectors in terms of employment, the Gariep LM should focus on providing emerging manufactures with **support**, particularly through **local procurement**.

6.11 SECTOR PROFILE: CONSTRUCTION

Figure 6.8: GGP growth in the Construction Sector²²



□ GGP and Employment²³

- **GGP** in 2007 for the Construction sector was **R 17,161,457**.
- This contribution only amounted to **5.5%** of Gariep's total GGP in **2007**. This figure however is moderately up from **1996** when construction accounted for **3.4%** of Gariep' GGP (see Figure 6.8).
- The construction sector has the **highest average annual growth rate (8.9%)** between 1996 and 2007 of all the economic sectors.
- It should however be recognised that this growth occurs off a **very low base**.
- The sharp rise in **2006/07** can be attributed to the **construction of the indoor sports centre** in Steynsburg.
- In 2007 **260 people** were directly employed in construction, only **6%** of total employment.
- **Employment growth** in the construction sector has been **static**, averaging **0.8%**.

- **Employment** growth between 1996 and 2007 has been strongly **linked** to the construction sectors **economic performance**.
- **Employment** in the construction sector has **fluctuated** erratically. This is due to the fact that construction projects in the Gariep Local Municipality do not occur on a regular basis.

□ Availability of resources^{27, 30}

- The main natural resources required in Construction are:
 - Cements
 - Sand
 - Bricks
 - Crushed stone
 - Aggregate
- These inputs are **available** in very **limited quantities** in Burgersdorp and can only be used for home maintenance purposes.
- For larger construction projects (i.e. RDP house construction) **materials** have to be **sourced from outside**

Gariep mainly from **Port Elizabeth** and **Bloemfontein**.

- **Wood**, which is required for the roofing and frames, is mainly from towns such as **Aliwal North, Graff-Reinet, Queenstown, Port Elizabeth** and **Bloemfontein**.

□ **Construction Trends**^{27, 30}

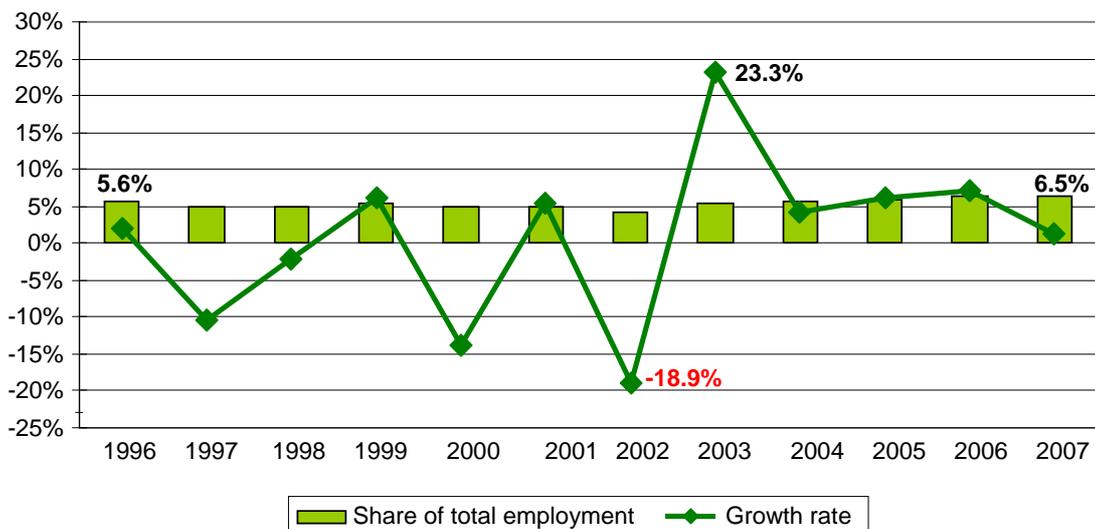
- The construction sector includes the site preparation, building of complete constructions or parts thereof, civil engineering, building installation, building completion and the renting of construction or demolition equipment with operators.
- The Gariep LM has a **comparative advantage** in the Construction sector (see Tables 6.1 and 6.2).
- The Construction sector has a **derived productivity**. This means that it depends on the amount of development taking place. For example, the proposed Lake Gariep residential estate will require the necessary infrastructure, stimulating the Construction sector.

- The Construction sector in Gariep focuses primarily on the **construction and rectification of RDP houses**.
- Other construction projects in Gariep are linked to **installing services in RDP settlements** (i.e. the construction of storm water drains, roads etc.).
- **Road construction and maintenance** is another important component of the construction sector.
- There is very **limited private sector construction** in Gariep, with most private construction contracts dealing with the building of single residential units.
- Another major project was the construction of **sports/community centre** in Steynsburg.

□ **What this means for LED:**

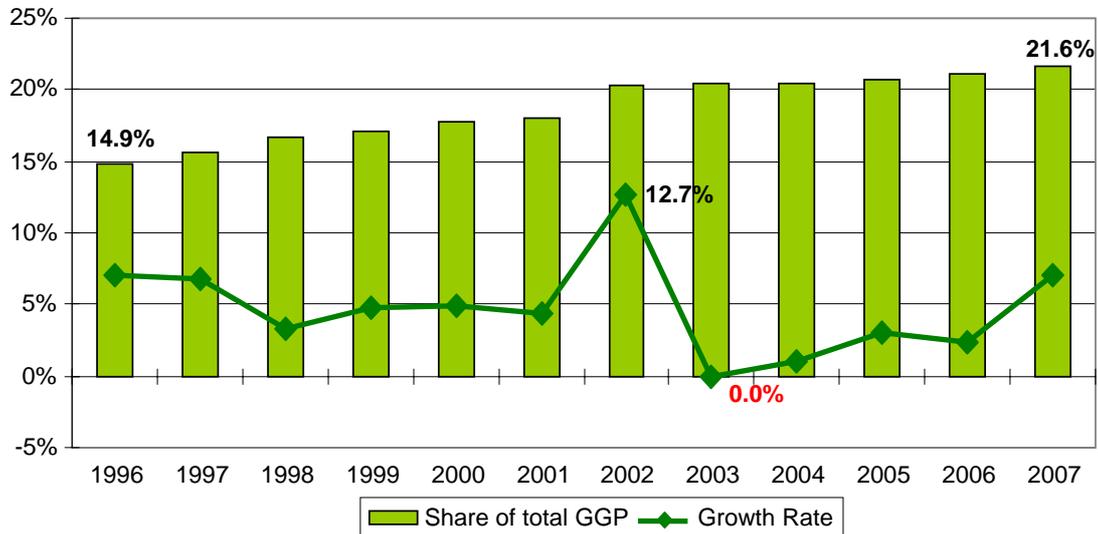
- These challenges are primarily linked to emerging contractors **lacking the skills** necessary to benefit from government projects such as road upgrades.
- A number of emerging contractors also **lack** the necessary **capital** to manage their own contracts.

Figure 6.9: Employment growth in the Construction sector²²



6.12 SECTOR PROFILE: TRANSPORT & COMMUNICATIONS

Figure 6.10: GGP growth in the Transport and Communication Sector²²



□ GGP and Employment²³

- The transport and communication sector employs just over **5%** of the Gariep Local Municipalities labour force. This amounts to **224 people**.
- **GGP** in 2007 for the transport sector was **R 66,935,921**.
- This was the **largest private sector** contributor to the Gariep economy, and accounted for **21.6%** of total municipal GGP in 2007.
- Although the Transport and Communication sector is important in terms of GGP contribution, **employment growth** in the sector has been **very poor**.
- This is evident by the fact that between 1996 and 2007 the sector recorded **negative employment growth** of **-3.2%**.
- Nevertheless the transport and communication sectors GGP over the 1996 to 2007 period has shown an **average growth rate of 4.7%**.
- This figure peaked in 2001/2 when an

economic growth rate of **12.7%** was registered.

- The following year saw economic growth decline significantly to **just below 0%**. In real monetary terms this however only translated into a **decrease in real GGP** for this sector of **R 25,769**.

□ Economic linkages

- The Transport and Communications sector is an important '**connecting**' sector between the **primary sectors** (Agriculture and Mining) and the **tertiary sectors** (Trade, Finance and Services).
- A **good** Information and Communication Technology (**ICT**) network also enables businesses to **access markets** and **information**.

□ Transport Trends³¹

- The large geographic size of Gariep makes it necessary for residents to

regularly utilise the transport industry, particularly minibus taxis. Most individuals however still **walk to work** or school.

- There are **two taxi associations** that cater for the population of Gariep; one in Burgersdorp and another in Steynsburg.
- Between these two associations there are **57 members** and **25 vehicles**.
- The majority (**54%**) of the various taxi associations' members are **affiliated to the Burgersdorp taxi association**.
- Based on the number of permits issued, only **40% of taxis** in the Gariep LM are **operating legally**. This can be attributed to the **slow rate of processing** by the Operating License Board.
- There are a further **two long distance taxis** that travel to Cape Town via Venterstad and Steynsburg. There are between **6 and 7 commercial truck compan**was dragged down by the **general government services** sub-sector which **contracted by 0.3%** over the

- Another, recently established one, in Steynsburg

- These truck companies **transport livestock** and other **agricultural produce** from farms to major markets in Port Elizabeth and Bloemfontein.

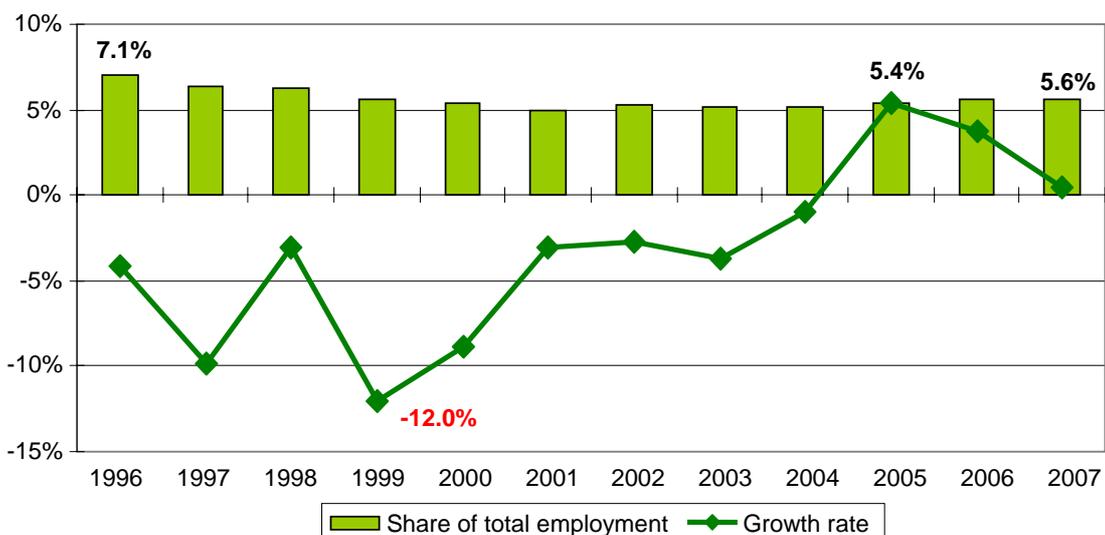
❑ Communication Trends

- There are **no private postal services** in Gariep. The South African Post Office has offices all three towns.
- While the residents of Gariep have access to the Internet **connection speeds are slow**.
- There is **no wireless network** in Gariep.

❑ What this means for LED:

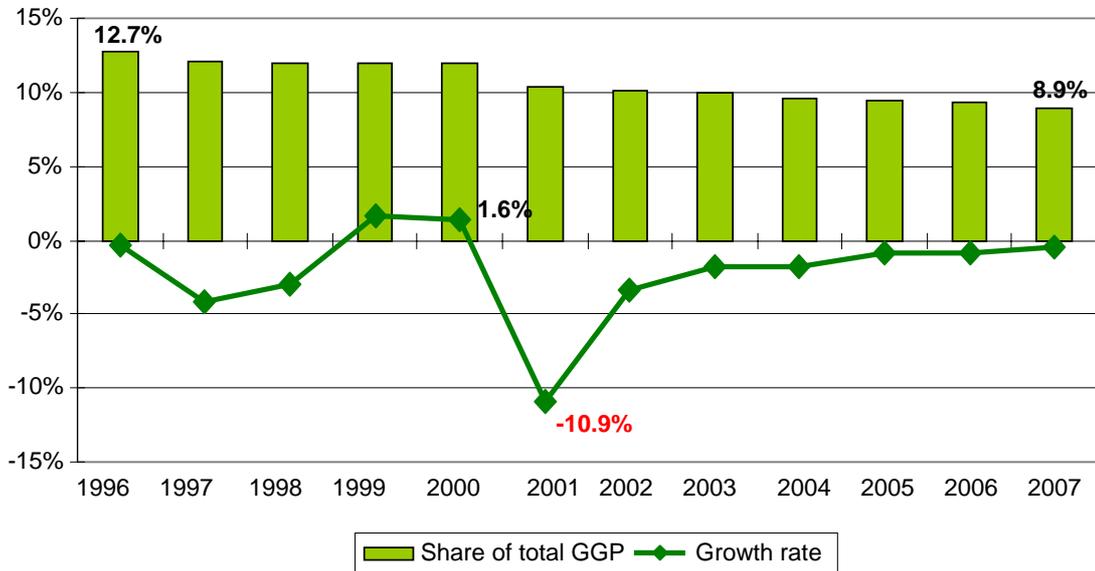
- The expansion of the transport sector is inhibited by the **poor quality of roads** in Gariep which can lead to severe damage to vehicles.
- The taxi industry also **lacks adequate shelters** and amenities in major towns particularly Burgersdorp and Steynsburg.

Figure 6.11: Employment growth in the Transport and Communication Sector²²



6.13 SECTOR PROFILE: TRADE

Figure 6.2: GGP growth in the Trade Sector²²



□ GGP and Employment²³

- The trade sector is the fourth largest employer in the Gariep local municipality employing **390 people** of **9%** of the Gariep local municipalities' labour force.
- **Employment growth** since 1996 however has been poor, with average growth only being **1.6%**.
- **GGP** in 2007 for the trade sector was **R 24,470,085**.
- This figure has dropped by **22%** since 1996 when GPP contribution by the Trade sector was **R 35,348,066**.
- The trade sectors contribution to the total GGP of Gariep only amounts to **8.8%**.
- This figure is significantly less than the 1996 figure when trade account for **12.7%** of GGP.
- In addition between 1996 and 2007 the average GGP growth rate of the trade sector was **-2%**.

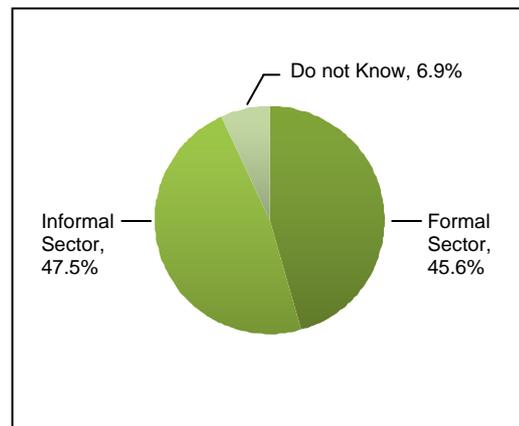
□ Trade trends²⁷

- The trade sector is defined as the resale (sale without transformation) of new and used goods to the general public for personal or household consumption or use by shops, department stores, stalls, hawkers etc.
- This sector also includes trade conducted by hotels, restaurants, bars, canteens, camping sites and other provisions of short-stay accommodation.
- Therefore a significant portion of the trade sector **comprises tourism related components** (i.e. hotels, restaurants, bars, camping sites and other short stay and accommodation).
- The trade sector is therefore a **derived demand** because it is **dependent on the amount of income** the consumer has at his/her disposal to engage in a trading transaction.
- There are no major shopping centres in

- Gariep with most **daily retail purchases** being done at **small local shops**.
- These local shops are primarily **owner managed** and dominated by **general dealers, liquor stores** and **mini-markets**.
- Although Burgersdorp has a **number of chain stores** (i.e. Fashion Express, Foodzone, Lewis and Pep) they mostly cater for the **lower income market**.
- There are **no major chain stores** in either **Steynsburg** or **Venterstad**, and residents are forced to travel to Burgersdorp to purchase other non-essential goods.
- Residents requiring specialised products or doing their monthly shopping have to **travel** to major centres primarily **Bloemfontein, Queenstown** and **Aliwal North**.
- This results in **income leakage** out of the Gariep to the above towns on a **monthly basis**.
- As a result of the relatively small population in Gariep, there is **little wholesale activity**.

- The majority of trade in Gariep is thus **dominated by the informal sector** which accounts for **47.5%** of total trade sector **employment**.

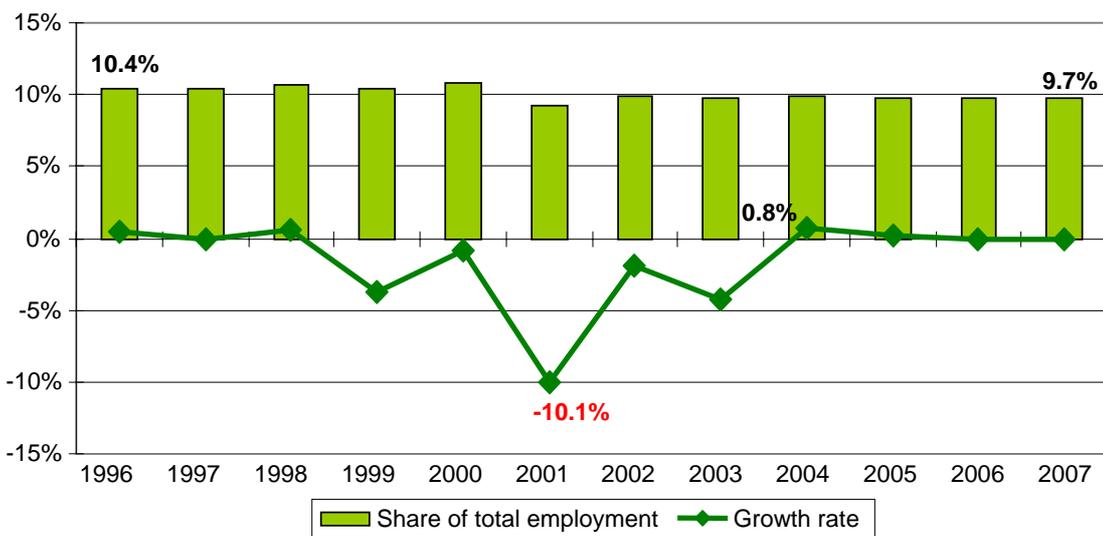
Figure 6.13: Employment composition of the trade sector²²



❑ **What this means for LED:**

- The establishment of additional **national chain stores** is **unlikely** to occur due to Gariep's small population.
- Increased **buying power** as a result of job creation will lead to an **expansion** in the trade sector.

Figure 6.14: Employment growth in the Trade Sector²²



6.14 SMME DEVELOPMENTS' ROLE IN THE TRADE SECTOR

❑ Defining SMMEs³²

- Small, Medium and Micro enterprises (SMME) are business that employ between **zero and 100 employees**. **Micro-enterprises** also have the added dimension of having an **annual turnover of less than R 150,000**.
- In almost all cases SMMEs are **owner-managed and controlled**.
- SMMEs are internationally recognised as a **key driver of economic development** due to their labour-intensive nature, low capital requirements and use of local resources.

❑ Problems facing SMMEs in Gariep²⁷

- **Access to finance** is identified as one of the **biggest problems** facing SMME in Gariep.
- In addition several businesses have been **unsuccessful in obtaining funding** from the LM.
- **Skills training and expertise** is also recognised as a major constraint to SMME development **particularly marketing and business plan development**.
- Another problem faced by SMMEs is **accessing information around tenders** proposed tenders by the Gariep Local Municipality.
- Meetings and site visits are also conducted far from SMME suppliers and due to a **lack of funds or transport**, frequently can not get to these locations.
- There is also a widely held perception that the **Gariep LM uses suppliers from outside of Gariep** for government contracts even when there are local suppliers.

❑ Gariep LM's role in SMME support

- National **legislation prevents** the Gariep LM from **providing credit or investing in SMMEs**, the Gariep LM can still facilitate access to finance by:
 - Improve access to information about existing financial support, institutions and initiatives in the Gariep area.
 - Lobby with financial institutions to improve lending conditions to SMMEs
 - Facilitate the establishment of a SPV for SMME finance
- In addition the Gariep LM should educate local SMMEs about what the **Municipalities role in SMME is**.
- Another means of assisting SMMEs is through a **local public procurement**. The Gariep Municipalities role would then be to monitor the implementation of this procurement policy to ensure that the stated objectives in terms of procurement from SMMEs are met.
- The Gariep LM can assist SMMEs by facilitating access to **training** through:
 - Enhancing **awareness of available training programmes** offered in Gariep
 - **Encourage entrepreneurship** training at schools
 - **Fund** various **training programmes** and initiatives
- Another key way the Gariep LM can assist SMMEs is through **providing basic infrastructure** such as electricity, sewerage, street-lights, water, market facilities, land and premises for SMME development.
- These facilities could be provided **directly** to SMMEs or support institutions at **affordable subsidized rates**.

6.15 SECTOR PROFILE: FINANCE & BUSINESS SERVICES

Table 6.3: GGP and Employment contribution

| Year | GGP (R '000) | % contribution to Gariep GGP | % share of total Gariep employment |
|------|--------------|------------------------------|------------------------------------|
| 1996 | R 26,545 | 9.6% | 5.8% |
| 1997 | R 26,264 | 9.4% | 6.0% |
| 1998 | R 24,475 | 9.0% | 6.1% |
| 1999 | R 23,548 | 8.5% | 6.0% |
| 2000 | R 22,089 | 7.8% | 6.1% |
| 2001 | R 22,906 | 7.9% | 5.6% |
| 2002 | R 22,117 | 7.7% | 6.2% |
| 2003 | R 21,404 | 7.5% | 6.1% |
| 2004 | R 21,196 | 7.3% | 6.1% |
| 2005 | R 21,298 | 7.2% | 5.7% |
| 2006 | R 21,528 | 7.3% | 5.6% |
| 2007 | R 21,518 | 6.9% | 5.5% |

Source: Urban-Econ EC Calculations Based on Quantec (2009)

❑ GGP and Employment²³

- The finance and business services sector employed 222 people in 2007 or **5%** of the Gariep labour force.
- **Employment growth** in the financial and business sector has been fairly poor with an average growth rate of just **1.4%** between 1996 and 2007.
- **GGP** in 2007 for the finance and business services sector was **R 21,518,302**.
- This amounted to **6.9%** of the total GGP for Gariep during 2007.
- This has decreased since **1996** when the finance and business services sector contributed **9.6%** to the Gariep LM economy.
- The average **GGP growth rate** of the finance and business sector was **-1%** between 1996 and 2007

❑ Financial trends²⁷

- The finance and business services

sector includes the activity of obtaining and redistributing funds.

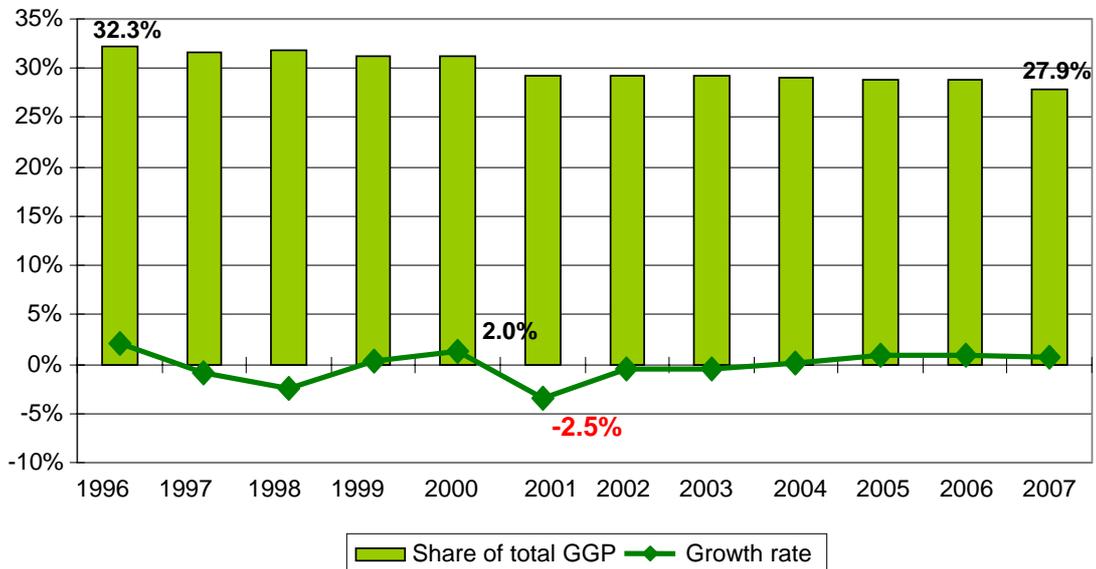
- Banking facilities in the major towns in Gariep are limited, with only **Burgersdorp** and **Steynsburg** having **bank branches**.
- There are however **ATMs** in **Burgersdorp**, **Steynsburg** and **Venterstad**.
- ATMs are frequently **out of order** due to **excessive use** during days when **employees** and **pensioners** are paid.
- Most of the accountants, bookkeepers, real estate agents and attorneys in Gariep are situated in the Burgersdorp.

❑ What this means for LED:

- The financial and business services sector is a **tertiary sector** and generally only develops in more **sophisticated economies**.
- Most of the banks are centered around agricultural, personal banking business or **municipal accounts management**.

6.16 SECTOR PROFILE: GOVERNMENT SERVICES

Figure 6.15: GGP growth in the Government and Community Services Sector²²

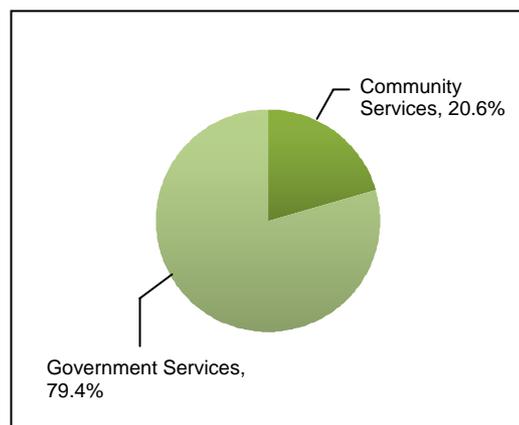


□ GGP and Employment²³

- The government and community services sector is the single **largest employer** in Gariep, employing **31%** of the labour force in 2007.
- The **government services** sub-sector however is the **larger employer**, employing **840 people**.
- The **community services** sub-sector therefore only accounts for **32.9%** of the total employment of the sector.
- Although the government and community services sector is the largest employer, employment growth over the 1996 to 2007 period was **0%**. This has resulted in **115 jobs** in this sector being **lost since 1996**.
- **GGP** in 2007 for the government and community services sector was **R 86,496,413**. This makes this sector the single largest contributor to the Gariep economy.

- The major contributor to this GGP figure was the **general government services** sub-sector which accounted for **79.4% total GGP** (see Figure 6.16).

Figure 6.16: GGP contribution of the government and community services sub-sectors²³



- The **GGP growth rate** for the government and community services sector between the 1996 and 2007 period was **-0.1%**. This figure however

was dragged down by the **general government services** sub-sector which **contracted by 0.3%** over the period.

□ Government and Community Services Trends

- General government services include **all activities of government departments and agencies**.
- The government sector in Gariep contributes directly to the economy through **job opportunities** in municipal government as well as indirectly through **specific government programmes** (i.e. EPWP).
- Currently the Gariep LM has the following municipal offices and government departments:
 - Gariep Local Municipality
 - Department of Labour
 - Magistrates Court
 - Police
- Various government departments, particularly **DEDEA** and **DSD**, also conduct a number of LED related

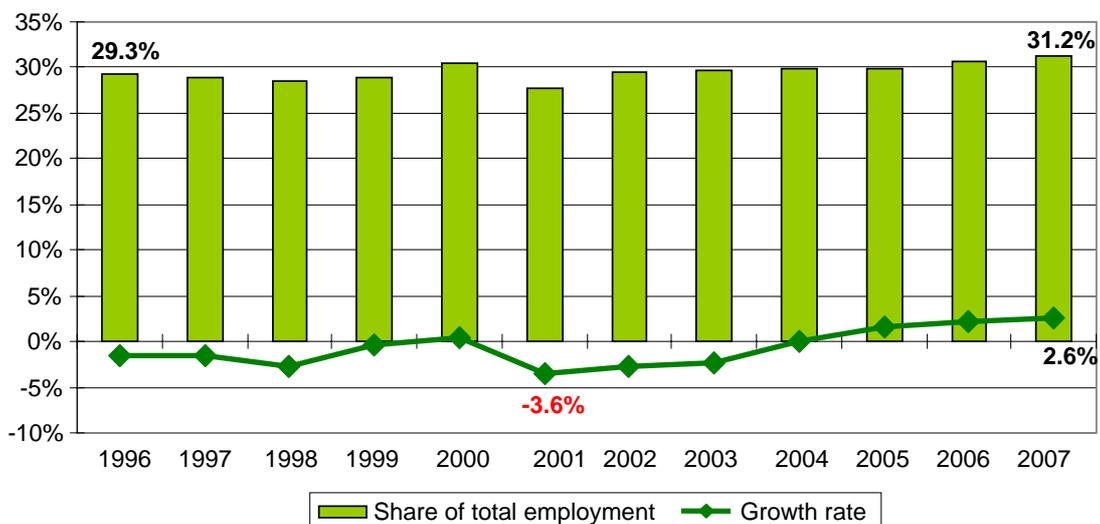
related projects in Gariep.

- These projects include³:
 - Furniture and upholstery
 - A Fishery
 - A sewing initiative
 - A bakery in Steynsburg
 - Youth car wash
 - Eden Arts and Craft
- These projects are of critical importance to providing sustainable income for households.
- Business plans should be developed for these projects so as to ensure that they can turn into sustainable businesses.
- The current community and social services in Gariep include³:
 - 5 clinics, 2 hospitals, 23 schools and 6 libraries

□ What this means for LED:

- The government services sector, as the **single largest consumer**, should focus on broadening its supplier base through increased **local procurement**.
- Government initiatives should focus on **EPWP** that are **labour intensive** i.e. road maintenance.

Figure 6.17: Employment growth in the Government and Community Services sector²²



6.17 SECTOR PROFILE: TOURISM

- The **tourism** sector is **not** expressly classified as **an economic sector** in terms of the Standard Industrial Classification (SIC) for South Africa.
- This is because the tourism industry is a consumption based service industry that does not produce a physical product, but rather uses other products and services.
- Tourism, therefore, relates to all the goods and services linked to a person staying and travelling outside of their area of residence.
- During 2007 **13,322 tourists** visited the Ukhahlamba District Municipality, however most of these tourists visited the more established tourist attractions in Senqu and Maletswai.³³
- An estimated **1.8 million** vehicles travelled along the N1 annually between 2000 and 2002. This figure serves as an indicator of **potential tourists** that could visit Gariep annually.³⁴
- There are **+/- 22 accommodation establishments** in Gariep, primarily situated in **Burgersdorp**.³³
- The majority of visitors to Gariep are **business tourists** who are in the municipality to perform a specific function.
- **Average stays** for these tourists are between **one and two days**

The Gariep Dam overflowing³⁵



- Key tourist activities in Gariep include:
 - The Gariep Dam
 - Oviston Nature Reserve
 - Anglo Boer War history
 - Fossils and San rock paintings
- The most significant tourist attraction in the Municipality is the **Gariep Dam**.
- In addition to the Gariep Lake and Dam there is also the **Oviston Nature Reserve**.

Wildlife at the Oviston Nature Reserve³⁶



- **Game hunting** for both meat and sport is also a significant draw card. International game hunters can bring in much needed income for farmers.
- Another unique attraction in the Gariep LM is **white water rafting** in the existing irrigation canals.

❑ What this means for LED:

- A **lack** of information around how many **tourists visit Gariep** inhibits the tourism sectors development.
- **Tourist opportunities** in the Gariep LM, with these opportunities being centred around specific geographic areas particularly the **Gariep Dam** and the town of **Burgersdorp**.
- The Gariep Local Municipality also has to **compete** with the other more established provinces in respect of **tourists visiting the Gariep Dam**.

6.18 SYNTHESIS

In the Gariep Local Municipality, the GGP growth rate has increased impressively from 2004 till 2007, it should however be noted that this growth is calculated off a low base. The area has a small economic base so any changes in the economic activity of the area have a large impact on GGP growth figures. The economy is skewed towards non-productive sectors of the economy, mainly government and community services. Many people in Gariep rely on subsistence farming and informal trading for their livelihood.

The secondary and tertiary industries in the region are under developed. These findings suggest the need to encourage the establishment of manufacturing enterprises and stimulate private sector investment. It is evident that agriculture and government services are the largest employers in the economy.

| VARIABLE | FINDINGS |
|--|---|
| GGP in 2007 | <ul style="list-style-type: none"> • GGP was R 309.468 million • GGP per capita was R 9,042 • Contribution to Ukhahlamba Districts GGP was 14.9% |
| GGP Growth Rate | <ul style="list-style-type: none"> • Average economic growth rate between 1996 and 2007 was 1.1% per annum. • This is lower than the Eastern Cape and District growth rate of 3.1% over the same period. |
| Sector Contribution to GGP | <ul style="list-style-type: none"> • Largest contributor to GGP (27.9%) is Government sector. This is a negative characteristic as it is non-productive sector. • Agriculture contributes 13.8% to the municipalities GGP. |
| Sector Contribution to Employment | <ul style="list-style-type: none"> • Government services sector largest contributor in terms of employment (31.2%) • Largest private sector employer is the agricultural sector. |
| Leading and Lagging analysis | <ul style="list-style-type: none"> • The manufacturing sector outperformed the provincial average • The construction sector is a current strength for the Gariep economy however it is still very small only employing 260 people |
| Relative Importance of Sectors | <ul style="list-style-type: none"> • In terms of Employment: Government and Community Services. • In terms of Growth: Construction • The agriculture, government and community services, manufacturing (which includes most agro-processing industries) and trade sectors collectively account for 82.4% of the employment and 65.3% of GGP in Gariep. • Priority sectors are therefore: agriculture, government and community services, manufacturing (in the form of agro-processing) and trade • The tourism industry, to a lesser extent is also important |
| Agricultural Sector | <ul style="list-style-type: none"> • Gariep is well suited for stock farming, with limited opportunity for crop farming in areas under irrigation from the Gariep Dam. • Average farm size is between 2000 and 2600 hectares • Emerging farmers face a number of challenges i.e. lack of skills, financial limitations • There is potential for an expansion of the hunting industry in Gariep. |

| VARIABLE | FINDINGS |
|--|--|
| Government Services Sector | <ul style="list-style-type: none"> • Largest employer and contributor to the local economy. • Plays a key role in job creation and poverty alleviation through its various projects. • Only one national department located in the Gariep LM (i.e. Labour) |
| Manufacturing (agro-processing) | <ul style="list-style-type: none"> • The manufacturing sector contributed in excess of R 45 million to the Gariep economy in 2007 • Comprises a number of SMME's and agro-processing businesses |
| Trade sector | <ul style="list-style-type: none"> • The average growth rate between 1996 and 2007 for the trade sector was -2%. • The GGP contribution of the trade sector to the total economy has declined by 3.8% since 1996. • This sector however contributes R 24.4 million to the economy |
| Other Sectors | <ul style="list-style-type: none"> • Other emerging sectors that show potential growth prospects are construction and transport and communication • The mining, financial services and utilities sectors are very small and have little to no growth potential |

CHAPTER 7**INFRASTRUCTURE PROFILE****7.1 INTRODUCTION**

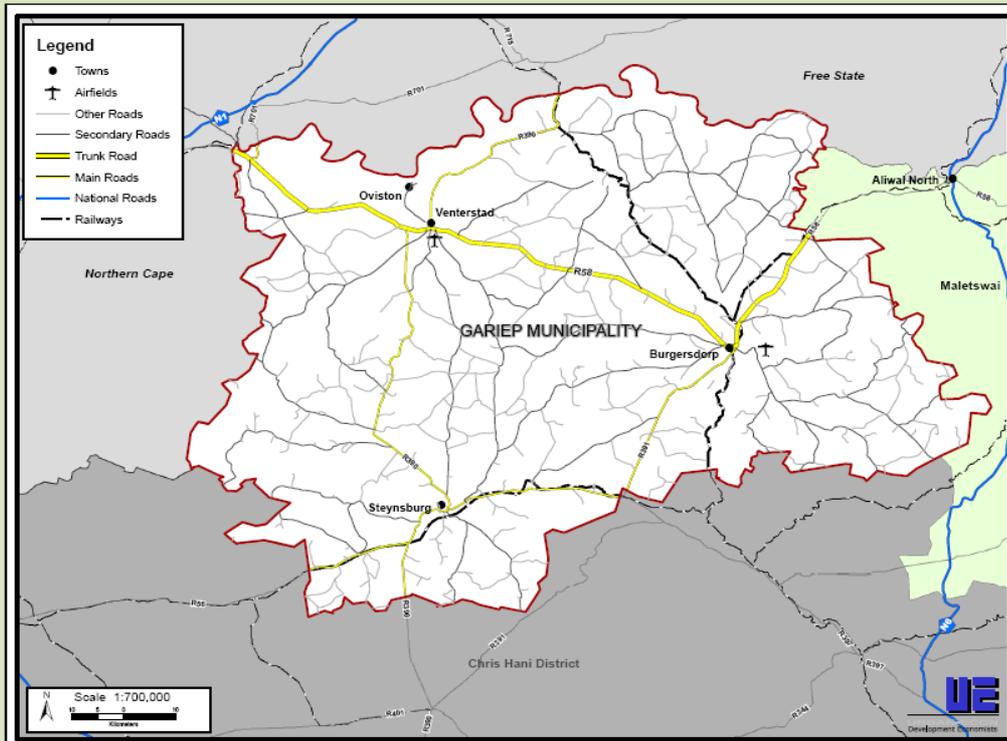
Well maintained infrastructure is recognised as a critical success factor in terms of creating an enabling environment for economic development. As a result of this important link between infrastructure and development this chapter profiles the current situation regarding infrastructure in Gariep.

This chapter briefly assesses the economic infrastructure available in the region, and is discussed in the following sections:

- Roads
- Rail
- Air
- Waste Management
- Electricity
- Water and Sanitation
- Land Reform and Housing
- Telecommunications
- Synthesis

7.2 ROADS, RAIL AND AIRSTRIPS

Figure 7.1: Transport infrastructure in Gariep



□ Rail³¹

- The main railway line between Bloemfontein and East London passes through the Gariep Local Municipality in Burgersdorp.
- This **111 km** of electric line (25kV AC system) runs from Bethulie through Stormberg to Burgersdorp and has the capacity to carry trains with 20-ton axles at speeds of between 50 km/h and 80 km/h³⁷.
- The residents of Burgersdorp can also access to the passenger trains of Shhosholoza Meyl (operated by Transnet) which run along this line.
- The tonnage along this line is estimated at **799,054 tonnes annually**.
- The types of products transported from Burgersdorp include: **cement, maize and coal**.
- A former branch line, running from

Burgersdorp to Rosmead in Chris Hani to Stormberg through Steynsburg and has been closed.

- The branch line between Burgersdorp and Aliwal North is **still operational** and handles limited freight work.
 - During 2006/07 this line transported approximately **70,000 tonnes of maize** to silos in Aliwal North.

Freight train between Burgersdorp and Aliwal North³¹



❑ Airstrips³¹

- There are two, Municipal owned and operated airstrips in Gariiep. One is in **Burgersdorp** and the other is in **Venterstad**.
- The Burgersdorp airstrip is approximately 1047 meters by 30 meters.
 - This airstrip is made of gravel and lacks any form of fencing or lighting.
- The Venterstad airstrip can serve as a potential access point for the Gariiep Dam.

❑ Roads³¹

- There are three broad categories of roads in the Gariiep Local Municipality namely:
 - National Roads
 - Provincial Roads
 - Other roads

Main Roads:

- There are no national roads passing through Gariiep.
- The N1 is situated an estimated **5 km from the Gariiep Dam**.
- The closest town to the N1 is Venterstad which is:
 - **46 km** (via Donkerpporto); or
 - **72 km** (via Colesberg)
- The N6 is situated approximately **52 km** from Burgersdorp.

Provincial Roads:

- There are three tarred trunk roads in Gariiep which are under the jurisdiction of the provincial DoRT These are the:
 - **R58** linking Aliwal North, Burgersdorp and Colesberg
 - **R131** linking Hofmeyer, Burgersdorp and Aliwal North
 - **R390** linking the Orange River, Venterstad and Steynsburg.

- The traffic volume on the R390 increases significantly during peak holiday periods as this route carries holiday makers from inland provinces to Port Elizabeth and surrounding coastal areas²⁷.
- This road was originally designed and constructed with the Orange River tunnel and was **never intended** as a main route²⁷.
The condition of this road is now seriously deteriorated due to the increased traffic volumes on this route.
- Road condition **varies significantly** across the Municipality.
- The trunk road between Burgersdorp and Aliwal North is in fairly good condition but still requires improvements.
- The R390 and the R58 from Venterstad to Steynsburg and Burgersdorp was **surfaced 10 years ago**. It is urgently in need of repair to address the number of potholes that have developed.
- Patching of potholes has occurred along these routes but at an insufficient pace to prevent accidents and unnecessary damage to vehicles.
- The Department of Roads and Transport **routinely maintains the high traffic R390** between Venterstad and Steynsburg. This maintenance entails repairing the crash barriers and

Regraviling team in operation³¹



mowing the grass on the sides of the road.

Other Roads^{31, 3}

- There are a total **1,390 km** of main and divisional/district roads in Gariep (this excludes the distances of minor roads).
- Of these roads however, only **14.4% or +/- 200 km** are presently paved.
- Although this figure is low, the surfaced roads account for the majority of roads used by travellers entering the Gariep LM.
- There is a significant disparity between which type of roads are paved in Gariep
- The Ukhahlamba District Municipality has entered into a **service level agreement** with the Department of Roads and Transport to provide certain specified road maintenance along these roads.
- For this purpose minor roads are being **classified as proclaimed gravel roads** and therefore will have to be maintained to a lesser extent as part of the service level agreement.
- **Minor roads** will however be **prioritized** for maintenance work but first the condition of both Main and Divisional Roads will be brought up to an acceptable standard.
- The UKDM is required to carry out the maintenance with a workforce consisting of **seven teams** for blading/maintenance. A roving regravelling team will also work on Proclaimed Provincial Gravel Roads within the entire district municipal area.
- A **budget of R 34 million** has been allocated to this project for the 2009/10 financial years.
- The Gariep LM has upgraded several roads in Mzamomhle township of Burgersdorp.
- The primary road leading to the township and the river bridge however require further maintenance estimated

to cost **R 3.8 million**.

- The Gariep LM has developed a Comprehensive Infrastructure Plan to deal with the various challenges facing the municipality in terms of infrastructure maintenance.
- A **railway bridge** over the railway line in Burgersdorp has recently been completed at a cost of **R 2.5 million**.
- The Gariep SDF estimates that it will cost **R 9.737 million** to upgrade all streets and stormwater facilities in the major towns of Gariep.

Blading and maintenance team with roving regravelling team³¹



□ What this means for LED:

- Roads are a key form of economic infrastructure.
- The poor state of roads in the municipality is particularly **detrimental to commerce** in Gariep.
- The presence of poor roads also **discourages tourists** from visiting key tourist attractions such as the Gariep Dam.
- The lack of **clearly defined responsibilities** in terms of road maintenance between the UKDM and the Gariep LM compromises the efficient use of limited resources.
- The main railway line can have a positive impact by **transporting agricultural and manufacturing products** to external markets.

7.3 WASTE MANAGEMENT

❑ Waste services³⁸

- Waste Management consists of the **collection, transportation and disposal** of waste.
- Where waste management services are rendered, the collection and transportation aspects are done to a reasonable standard.
- Certain parts of Gariep however are experiencing problems with the waste disposal aspect of waste management.
- Solid waste disposal services are rendered on a weekly basis to **74%** of the residents of Gariep (Figure 7.1).
- Considerable backlogs however still exist particular in the non-urban areas where communities are forced to dump their own waste (**19%**).

❑ Waste generation³⁸

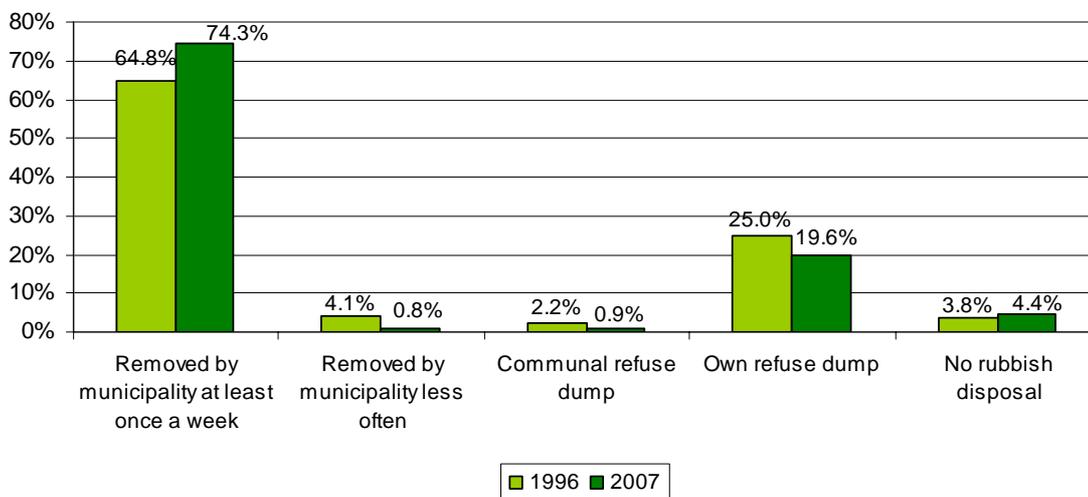
- Waste generation in the Gariep LM was estimated at **9,211 tonnes** per year in 2005.
- Based on the estimates in the UKDM

Intergraded Waste Management Plan, waste generation will reach an estimated 12,480 tonnes per year by 2010.

❑ Disposal Sites³⁸

- The Gariep LM currently has **3 solid waste disposal sites** to cater for this waste. These waste disposal sites are located in:
 - Burgersdorp
 - Steynsburg
 - Venterstad
- The Steynsburg waste disposal site, is the only site in the District which is **compliant** with both is permit conditions and national legislation as set out by DWAF and DEAT.
- The remaining two sites in Burgersdorp and Venterstad do not have the required permits and are therefore **operating illegally**.
- There are also **three closed sites** in Burgersdorp, Steynsburg and Oviston that are in need of rehabilitation in terms of the DWAF closure permit.

Figure 7.2: Access to waste management services²²



- Illegal dumping occurs on all three of these sites, and will continue until the sites are rehabilitated.

Illegal dumping in Tembisa Extension³⁹



❑ Refuse Bags³

- Refuse bags are provided to local communities by the Gariep LM.
- The purchase of these refuse bags is contracted out over a yearly period, and delivered to meet demand.
- The available stock however does not always meet the demand.
- The lack of refuse bags frequently leads to indiscriminate dumping by households in non-designated waste sites.

❑ Revenue generation³⁸

- The UKDM Waste Management Plan indicated that the Gariep LM has the capacity to generate an estimated **R 4 million** in revenue from waste disposal fees in 2005.
 - Based on these figures, the Gariep LM could generate a surplus of as much as **R 1.8 million** from refuse removal.
- The UKDM Intergraded Waste Management Plan suggests that such surpluses should be **ring-fenced** (i.e. used exclusively for further waste management programmes).

❑ Waste Management Projects³⁸

- Two projects are identified in the Gariep SDF namely the construction of a new solid waste site with incinerators in both Burgersdorp and Venterstad.
 - The projects are estimated to cost **R 2.8 million** and **R 2.4 million** respectively.
 - To date, a business plan in respect of these two projects has been submitted to DEDEA
 - Possible project **funders** could include:
 - MIG funds
 - DBSA
 - DEAT
 - DEDEA
 - Danish, German and Japanese governments
- A **cleaning campaign** has been launched by the Gariep Local Municipality in the various towns in the LM to raise awareness around waste management issues.
- The Gariep Local Municipality intends on setting aside money in the 2009/10 financial year to develop a **Waste Management Plan** for Gariep³.
- The UKDM Integrated Waste Management Plan also identifies the potential small scale **composting project** in Burgersdorp.

❑ What this means for LED:

- Waste management is a serious issue in Gariep particularly in terms of the collection of waste and the management of waste disposal sites.
- Poor waste management techniques can result in **health problems** that negatively affect the workforce.
- Poor waste management also negatively affects **perceptions**

7.4 ELECTRICITY

❑ Electricity Access

- Electrification is a current competency in terms of the Municipal structures Act which means that the Gariep LM shares this function with UKDM¹⁵.
- Although Gariep is responsible for supplying electricity to the urban communities **Eskom is the primary supplier in peri-urban areas.**
- Most urban households and commercial farming areas in Gariep have access to electricity as well as streetlights²⁷.
- Although there is **no electricity backlogs** in Gariep, access among non-urban households is erratic³.

❑ Infrastructure

- Electricity to the Gariep LM is primarily supplied from Eskom's **North Western Region**³⁷.
- The primary power line running through Gariep is **132 kV** line passing through Burgersdorp²¹.
- The 132 kV line is well suited for **heavy industry use**, while smaller industries only require 22 kV line³⁷.
- There is a smaller **60 kV** line running from Burgersdorp towards Venterstad which can be used by farmers²¹.
- The specialized substation in Burgersdorp draws electricity from the distribution stations to electrify the railway line^{21, 37}.

❑ Budget³

- The most significant challenge in terms of electricity is the provision of adequate maintenance to existing infrastructure.
- In this regard the Gariep IDP has

allocated **R 10 million** to upgrade the existing network, as well as develop an Energy Master Plan.

❑ Projects³

- The areas of Greenfields and Khayamnandi in Steynsburg have recently been supplied with **street lighting at a cost of R 200,000.**
- Similar streetlight projects have also been conducted in Tembisa, Mzamomhle and Venterstad.
- A specific initiative is the **upgrading of electrical voltage** in Venterstad.

❑ Alternative Energy⁴⁰

- The Gariep Dam has hydroelectric capacity to generate **90 MW** of electricity at a flow rate of approximately 200 m³/s. The hydro-power plant can therefore provide up to **360 MW** of electricity at a flow rate of 800 m³/s.

❑ What this means for LED:

- Continuous power cuts impact negatively on both small and large scale businesses by **cutting** into their **productive capacity.**
- Furthermore access to electricity allows both individuals and companies to **access new technologies**
- **New industries** will also be **discouraged from investing** in Gariep if the Local Municipality can not provide either sufficient or continuous power for their operations.
 - Also, existing business can be discouraged from **maintaining operations** within the Gariep LM.

7.5 SANITATION

- There are currently an estimated **1,832 households** that are using either unventilated pit latrines, the bucket system or who have no access to sanitation infrastructure in Gariep²³.
- This means that the RDP Sanitation Services Backlogs in Gariep stands at **22% of households**²³.
- The backlog for individuals in Gariep is significantly lower at 8.2%²³.
- **9.7%** of households in Gariep still use the **bucket system**. This is above the provincial average of 2.7%²³.
- The number of people using the bucket system in Gariep has **declined by 10%** since 1996.
- There are however still **1868** buckets in the Gariep – **1582** in Steynsburg and **286** in Venterstad¹⁸.
- The cost to eradicate this sanitation backlog is estimated at **R 14,121,800** (R 7,700 per urban household)¹⁸.
- Although most of Burgersdorp has water borne sewage, the pipes are very old and frequently burst.
- Sanitation initiatives by the Gariep Local Municipality include³:
 - Upgrading the sewer purification plant in Burgersdorp
 - Erradication of the bucket system in Khayamnandi.
 - Upgrading sewer purification plant Oviston and Burgersdorp.
 - Construction of water borne sewer system Venterstad.

❑ What this means for LED:

- Access to adequate sanitation is a necessity as it **promotes a health community**.
- Poor sanitation can **negatively impact** the **tourism industry** and the development of residential areas.

7.6 WATER

- The Gariep LM has entered into a service level agreement with the UKDM³.
- In terms of this agreement the District Municipality would be the water service authority and the Gariep Local Municipality will be the water service provider³.
- The service level agreement for 2009/10 however has not yet been signed³.
- The 2007 Community Survey indicates that **49%** of households in Gariep have access to piped water inside their dwelling and a further **44%** have access to piped water inside their yard²⁶.
- The remaining **7%** of households access water by means of springs, water vendors or open water sources.
- The water backlog in Gariep is estimated at **246 urban households**¹⁸.
At an average cost of **R 11,300 per household**, an estimated amount of **R 2,779,800** will be required to eradicate the backlog¹⁸.
- The funding to address this backlog is channelled via the Ukhahlamba District municipality based on the DORA allocations.
- There are however a number of projects underway that are attempting to address these water challenges. These include³:
 - Investigate the construction of a new dam at Dunkheld Farm for bulk water supply to Burgersdorp.
 - Implement the supply of bulk water to Steynsburg.
 - Relocate raw water pumps inlet tower in Oviston

❑ What this means for LED:

- The lack of adequate water supplies has a **negative impact** the agricultural sector and tourism sector as without sufficient water farmers can't **irrigate their land**.

7.7 LAND REFORM AND HOUSING

□ Land Reform⁴¹

- Currently there are three parallel land reform policies being implemented by the South African National Government.
- These are:
 - Land restitution
 - Land redistribution
 - Land tenure reform
- Land restitution is a legal process whereby people who can prove that they were dispossessed of their land after 1913 can regain their land or receive appropriate financial compensation for it.
- Land redistribution aims to address the racial imbalances in the ownership of commercial agricultural land through the transfer of land between individuals.
- Land tenure reform aims to address insecure tenure in the former homeland areas.
- The current structure of land in the Gariep LM is as follows:
 - Farms: 8786 km²
 - Urban commonages: 61 km²
 - Conservation: 71 km²
- Average land price for farmland in Gariep is estimated **R 1270 per hectare**.

□ Redistribution⁴¹

- The national **PLAS target** for land reform is **30%** of commercial farmland transferred to previously disadvantaged individuals.
- This target translates into the transferring of **2,635 km²** of commercial farming land in Gariep to previously disadvantaged individuals.
- Currently only **327 km²** have been transferred which leaves a remaining target of **2,308 km²**.

- This means that only **12.4%** of commercial farming land has been redistributed.
- To achieve the 2014 PLAS target, the Gariep Local Municipality will have to transfer and average **527 km² a year** over the next 5 years.
- The cost of this land transfer is estimated at **R 131.750 million** (R 2500 per hectare)
- This figure however is **R 1,230** above the current average price of farmland in the area, so actual costs could be as low as **R 66.929 million**.

□ Restitution⁴¹

- There have only been **4 claims settled** by the Regional Land Claims Commission in Gariep.

□ Housing³⁹

- The majority of residents (**86%**) in the Gariep Local Municipality **reside in formal dwellings** which include free standing homes, flats and semi-detached houses.

Incomplete houses³⁹



- The remaining **14%** of residents **reside in traditional dwellings such as huts or shacks** in townships or backyards.

- The **demand for low cost housing is high**, with this figure increasing annually as the waiting list expands.
- Alternatively, the demand for middle income (**50 sites**) and high income housing in Gariep is low.
- Several sites have been identified for **high income housing**; however there is presently **no demand** for this type of housing in Gariep.
- The Gariep Housing Sector Plan indicates the following needs in terms of housing:
 - 3,100 Subsidized houses
 - 1,000 Dilapidated houses
 - 430 Middle Income houses
 - 20 Train houses
- The majority of these units (**2,355**) are in Burgersdorp.
- There is a **considerably amount of vacant land in Gariep** suitable to meet these housing requirements.
- This land is **owned by the Gariep Local Municipality** and there have presently been no problems in releasing this land for development purposes.
- The following areas were identified in the Gariep Housing Sector Plan as locations for future housing developments:
 - An area near Greenfields in Steynsburg
 - Takalani in Venterstad and
 - Eureka, Thembisa, Oviston and Burgersdorp Town

❑ What this means for LED:

- Failed land reform programs negatively impact on agricultural production as well as **threatening the livelihoods** of emerging farmers.
- Lack of adequate housing **discourages investment** in Gariep.
- Poor maintenance of RDP houses negatively affects the areas aesthetic.

7.8 TELECOMMUNICATIONS

- According to the 2001 Census **95%** of households in the Gariep LM have access to a telephone in their house or nearby²³.
 - Of this 95% however, only **31%** of households have a **fixed line in their dwelling**.
- The 2007 Community Survey puts **telephone access** in Gariep at **16%**²⁶.
- Both these figures could be misleading because they only consider fixed lines and not cellphones.
- Although cellphones are widely used across Gariep, reception in a number of non-urban areas is very poor.
 - For example, there is **no cellphone reception** 60 km outside of Venterstad²⁷.
- Peri-urban and non-urban areas have to rely on **radio linkages** to towers, driven by solar panel technology.
- Venterstad and Steynsburg are accordingly the worst areas in terms of telecommunications access.
- Television reception is also fairly poor across the entire municipal area²⁷.
- There is also **no ADSL** internet access in the Gariep Local Municipality²⁷.

❑ What this means for LED:

- The availability of good telecommunications can help attract labour-intensive industries such as **call centres** to Gariep.
- Wireless internet technology can also be used to **promote**: the **marketing** of livestock and the Gariep Local Municipality as a tourist friendly destination.
- ADSL can also potentially encourage a more skilled work force that can use wireless technology to **work from home**.

7.9 SYNTHESIS

The infrastructure in Gariep is relatively well developed. However, a number of challenges still exist, both in terms of the provision of basic services and investment in infrastructure for the creation of an environment conducive for local economic development.

The continual upgrade and maintenance of roads throughout Gariep is critical to ensuring the local municipalities competitiveness, as well as to encourage the introduction of new business to the area. Both residents and business in Gariep regularly complain of the inadequate roads and it should therefore be the municipalities' chief infrastructural priority.

Air and rail infrastructure in Gariep is adequate. The possibility a airstrip at/near Venterstad to use as a tourist access point to the Gariep Dam and the Gariep Local municipality as a whole.

The significant challenge to the Gariep Local Municipality is its water and electricity infrastructure. The electricity and water infrastructure in Gariep is in need of upgrading and extension, to provide not only for residents in the area, but also for future development. The electricity situation has further been aggravated by the inability of Eskom to meet current electrical demand in all areas.

The proper collection and disposal of waste is also a serious problem in the Gariep Local Municipality. Waste disposal sites are particularly problematic with only one site in Steynsburg being completely compliant with the necessary legislation.

CHAPTER 8**POTENTIAL ANALYSIS****8.1 INTRODUCTION**

The purpose of this section is to identify potential local economic development opportunities in the Gariep Local Municipality, based on the current situation within the municipality, as detailed in the preceding sections of the situation analysis.

An opportunity and constraints assessment will help create an understanding with regard to the sectoral competitive advantages of the local economy and this will be used to determine the development potential within the Gariep Local Municipality as a whole.

The analyses seek to identify supply and demand factors to assess market opportunities based on the gap between existing and potential levels of development and by reviewing the resource base for potential exploitation and beneficiation, i.e. extent, location, utilisation and opportunities.

In order to identify projects that possess the potential to be developed and have a significant impact on the economy it is necessary to identify and quantify criteria required to facilitate the project identification and assessment process. These criteria will allow for the identification of projects that are sustainable whilst ensuring future economic upliftment and growth. In order to determine and discuss development potential in Gariep the concepts of potential and development need to be defined.

Local economic development can be defined as being an effort or undertaking that aids in the growth of an economy, be it local, provincial or national. Potential, on the other hand, points to the resources and capacity that is needed to facilitate this development. When identifying and determining development potential within an economy a set of criteria is required against which to evaluate whether or not the effort being undertaken possesses development potential or not. The set of criteria serves as an evaluation tool to identify areas with potential for development and opportunities within each of the local economic sectors. These include:

- Availability of raw materials and resources
- Economic linkages
- Market trends
- Regional service delivery function
- Availability of labour
- Enabling policy environment

This chapter will analyse the economic potential in the Gariep Local under the following headings:

- Opportunities
- Constraints
- Developmental Potential
- Development focus is needed i.e. concentrate on infrastructure development and maintenance, small town regeneration and niche tourism.

8.2 OPPORTUNITIES

- **Indoor sports centre** in Steynsburg can be used as a **public viewing venue** for the 2010 soccer world cup
- **Game farming and hunting potential**
- **International hunters** visiting area could be **drawn into towns**
- **Safaris and game viewing**

Wildlife found throughout Gariep



- **Strong cultural history** in the relating to both settler and boer occupation
- A number of historical attractions linked to the Anglo-Boer War

British blockhouse in Burgersdorp



- **Star gazing and astronomy opportunities**
- Availability of **land for development**
- **Route tourism** (i.e. Red River Route) as well linkages with existing routes

- **Regeneration of towns** in Gariep
- **Agri-tourism** particularly farm stays
- **4X4 Motor sport**
- **Rock paintings**
- **Scenic beauty** around the Stormberg
- Potential to expand **cement manufacturing** using local resources
- **Lake Gariep Tunnel Festival**
- **Water sport opportunities** at the Gariep and J.L. De Bruin Dams
- **Gariep House Boat**
- **Local procurement** used to promote local SMMEs
- Potential to develop manufacturing/processing of: Meat, Wool (washing and spinning), Skins and Hides
- Expansion of **Mid-Karoo Route**
- **Irrigation opportunities** from Gariep Dam and tunnel outlet at Steynsburg
- **Tours of the Orange River Tunnel** or using it as a unique venue for activities
- Expansion of **motor cycle course** outside Steynsburg
- **Niche agricultural products** such as roses, nuts, pomegranates, olives
- **Mentorship** for emerging farmers
- **Rail: passenger services and Agri-logistics**
- **Holiday Makers** using the **R390** route
- **Small scale recycling projects** linked to waste management
- **Residential development** around Lake Gariep
- **Gariep Dam** as a tourist attraction

The Gariep Dam: a core attraction in Gariep



8.3 CONSTRAINTS

- **High poverty and unemployment** among households
- **Small population size** and **long distances** to travel between towns
- Considerable **red tape** when attempting to start a new business
- **Roads** throughout the Gariep LM are in **very poor condition** particularly the R390 between Venterstad and Steynsburg
- **Inadequate number of ATMs** in towns as well as them being frequently **out of order**
- **Poor** road and street **signage**
- **No fences around commonages**
- The Gariep LM has a **low profile** and is not well known
- Very **poor waste management services**

Waste disposal sites at Thembisa Extension



- **No sector plans**
- Problems with **retaining skilled personnel** in government departments
- **Lack of business skills** particularly management and marketing
- **Poor information sharing** and communication amongst departments and organisations
- **Insufficient financing** for LED and SMME development
- **Low education and skill levels**

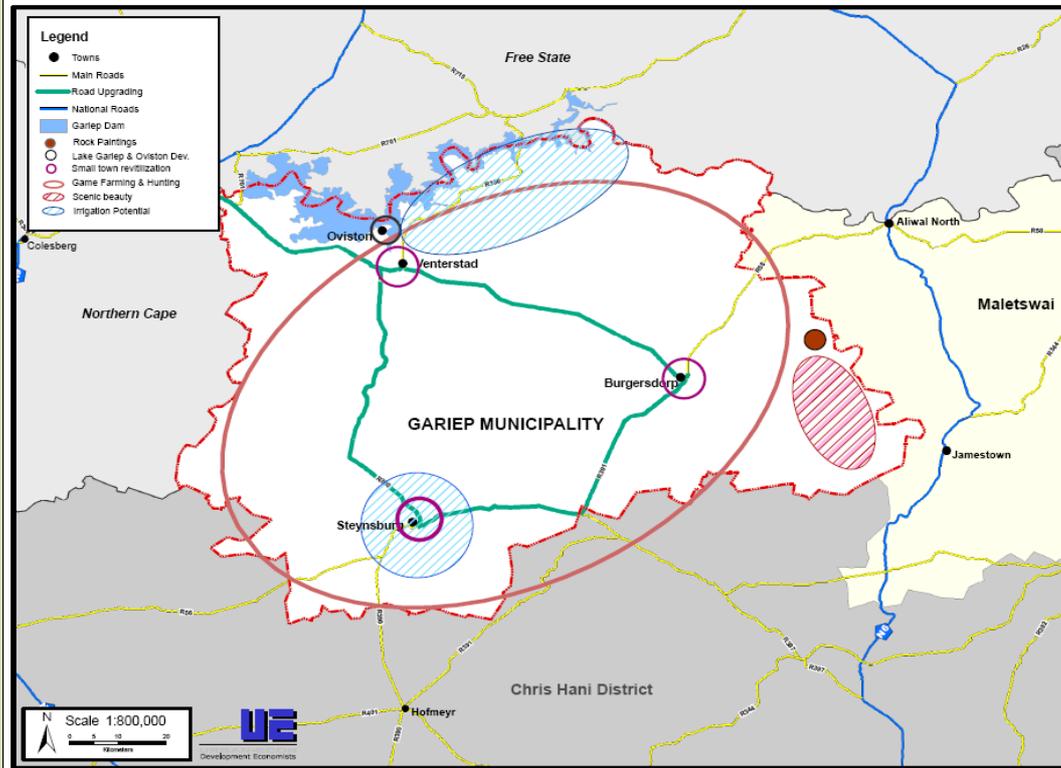
- **Poorly equipped tourism information centre**
- Too few **rubbish bins** in Burgersdorp
- **Limited vacant buildings** in towns for business expansion
- **Inadequate support for SMMEs or informal traders** particularly hawkers stands
- **Fragmented approach to tourism**
- **Not** all guesthouses and B&B are **graded** which can discourage tourists
- **No calendar of events** or **promotional material** for the Gariep LM
- **Operation** of the **CTO** and **LTO** is **erratic**

Informal trader showing wares on the street in Burgersdorp



- **Poor telecommunications network** between towns particularly Burgersdorp and Venterstad
- **Difficulty in accessing water** from the Orange river system
- **Erratic water and electricity supply**
- **Soil and climate unsuitable** for crop production
- **Land capacity** effectively **limits the intensity** of any livestock production in the area
- **No LED prioritization**
- **LED and IDP functions together**

8.4 DEVELOPMENT POTENTIAL: GARIEP



Agriculture

- Agricultural should concentrate on **stock, pig, chicken and game farming**
- **Stock farming's** expansion however is **limited** by the carrying capacity of land
- There is also potential to expand **ostrich farming** in Gariep
- **Game farming** activities can be expanded throughout Gariep, particularly outside Steynsburg and around the eastern part of the Gariep Dam
- Niche crops such as **nuts, pomegranates and olives** can be grown using irrigation
- There is also potential for the **marketing and branding** of agricultural products produced (i.e. lamb) in Gariep area as coming from the **Karoo area**

- Agriculture's focus should be **high intensity products** that require limited area

Infrastructure

- The **roads** in Gariep can be **upgraded** and maintained by community initiatives or by SMMEs.
- **Small town revitalisation** can be conducted in the towns of Burgersdorp, Steynsburg and Venterstad.
- Potential exists to improve **water infrastructure** in several towns i.e. **storm water drainage** in Eureka is in serious need of upgrading.
- Development in Tembisa and other township areas should focus on the construction of **social infrastructure** such as clinics and police stations.
- The **bridge** leading to Mzanohhle can be **upgraded and repaired**.
- **Informal taxi ranks** in all towns,

particularly Burgersdorp need to be formalised through the provision of shelters and amenities.

❑ **SMME Development**

- There is potential to develop a **SMME resource centre** in Burgersdorp to provide resources to SMMEs and other emerging business
- Alternatively an **extension service** from the soon to be established **SEDA Office** in Aliwal North could be opened in Gariep.
- SMME support and training should relate to **basic business skills** such as the **development of business plans** and **registering a business** with the municipality.
- As part of this SMME support, formal **business sites** could be established in Tembisa and other townships where SMMEs can trade.
- There is potential to use **vacant land** in Burgersdorp for the **development** of office space for local SMMEs.
- **Formal hawker stands** can be developed along streets to provide hawkers with a **place to store their goods**.
- SMMEs could be employed to provide

routine street cleaning in all towns.

- Existing subsistence garden projects could be expanded and a **fresh produce market developed** where farmers can sell their fruit and vegetables.

❑ **Tourism**

- All key **tourism attractions** should be **upgraded and maintained** on a regular basis. This offers potential local procurement from SMME
- A **historical tour** could be **developed** incorporating several of the various towns major historical attractions
- An **annual tourism calendar** should be developed to identify all the available **tourist attractions** in the area.
- There are attractions around icons of Gariep LM like the Gariep Dam, the historical town of Burgersdorp etc.

❑ **Manufacturing**

- The agro-processing sector should investigate the potential with **partnering** with other **agro-processing industries** in the area such as the abattoir in Aliwal North

DEVELOPMENT FOCUS

- **Priority sectors** identified in the Situation Analysis are:
 - **Agriculture** which includes components such as agri-logistics and agri-processing
 - **Wholesale and retail trade** as it relates to SMMEs
 - **Tourism** around key tourism icons such as the Gariep Dam
- It is important to note that local economic development **can not occur without financial and technical support**. In many cases this may not be available within the Gariep Local Municipality. It is therefore important to **identify key strategic partners** prior to the implementation of projects that can provide such assistance.
- At all times these projects **skills development and local procurement**

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Gariep Local Municipality: 5 Year LED Plan

Part II: Strategic Framework Report



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ACRONYMS

| | |
|--------|--|
| ASGISA | Accelerated and Shared Growth-South Africa |
| DBSA | Development Bank of South Africa |
| DEDEA | Department of Economic Development and Environmental Affairs |
| DLGTA | Department of Local Government and Traditional Affairs |
| DSD | Department of Social Development |
| ECDC | Eastern Cape Development Corporation |
| FET | Further Education and Training |
| GDS | Growth and Development Summit |
| GGP | Gross Geographic Product |
| ICT | Information and Communications Technologies |
| IDC | Industrial Development Corporation |
| IDP | Integrated Development Plan |
| IDT | Independent Development Trust |
| KPA | Key Performance Area |
| LED | Local Economic Development |
| LEDA | Local Economic Development Agency |
| PPP | Public-Private Partnership |
| RDP | Reconstruction and Development Programme |
| SADC | Southern African Development Community |

| | |
|-------|--|
| SDBIP | Service Delivery and Budget Implementation Plans |
| SEDA | Small Enterprise Development Agency |
| SMME | Small, Medium & Macro Enterprises |
| UKDM | Ukhahlamba District Municipality |

SECTION 1: INTRODUCTION

1.1 BACKGROUND

The context and the direction for the local municipalities in terms of economic development is provided for in the White Paper on Local Government. The White Paper states that “Local government is not directly responsible for creating jobs but rather that it is necessary for it to take active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities.”

The National Framework for Local Economic Development in South Africa identifies the private sector operating in a municipal region as the primary driver for economic growth in that area. Their existence and ability to produce competitively and generate greater levels of income and employment however is dependent on an active state. This is achieved through the states role in generating the appropriate and necessary conditions for development, stimulating the economy and improving governance efficiencies. However, inward investment from the state or private sector will only be effective where the potential and competitive advantages of each area are known and exploited.

To this end the National Framework for Local Economic Development in South Africa recommends that municipalities have credible Local Economic Development programmes, which are being effectively implemented by a dedicated local economic development unit or similar entity.

The Gariep Local Municipality faces a number of developmental challenges related to the large disparities in the quality of services, employment, income potential and access to facilities between urban and non-urban areas within the municipality and also between towns and informal settlements. The Gariep Local Municipality is characterised by high levels of unemployment with the narrow definition of unemployment being 23%. Poverty in Gariep Local Municipality is also very high with 19% of households living below the poverty line defined as household income of less than R 9,600 per annum.

For these reasons the Gariep Local Municipality has prioritised LED in its Integrated Development Plan (IDP). However without a comprehensive strategic economic framework in place to guide planning, the Local Municipality and its LED unit will find it difficult to develop and implement sustainable initiatives that have a significant economic impact on poverty and unemployment.

This LED Plan will provide the Gariep Local Municipality with the strategic framework it needs to implement initiatives that will fast track economic development in the region

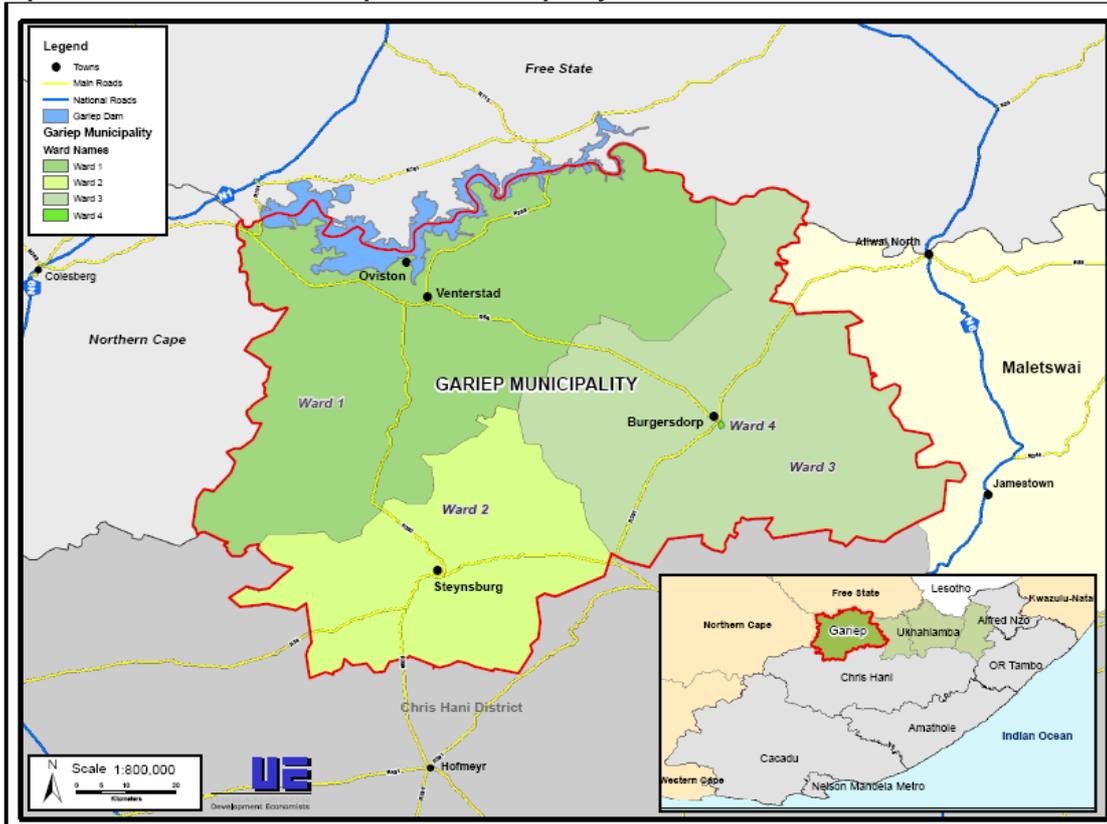
1.2 PURPOSE OF THE REPORT

This report presents the strategic development framework for the Gariep Local Municipality Local Economic Development Plan and a recommended implementation plan. Also included is a Monitoring and Evaluation Framework to assess the progress of the ten prioritised projects identified by stakeholders. The strategic framework is based on the economic potential of the Gariep Local Municipality and strategic opportunities identified in the Local Economic Development Plan I: Situation Analysis.

1.3 STUDY AREA

The Gariep Local Municipality, which comprises four wards, is located in the western part of the Ukhahlamba District Municipality and is bordered by the Free State Province, Maletswai Local Municipality, the Chris Hani District Municipality and the Northern Cape. The project area is also vast, and covers a total area of 8,922.1 km². The position of the local municipality and its four wards are illustrated in Map 1.1.

Map 1.1 Location of the Gariep Local Municipality



1.4 REPORT OUTLINE

Chapter 2 : Strategic Development Framework

This section presents the framework of the strategy and includes the vision, mission, strategic pillars and projects.

Chapter 3 : Implementation Plan

This section provides guidelines for the implementation of the strategic framework in terms of recommended actions, roles and responsibilities and associated timeframes.

Annexure A : Benchmarking against LED Best Practice

Annexure A use LED Best practice criteria to assess and benchmark the Gariep LED Plan and Unit.

Annexure B : Proposed LED Forum list

Annexure B lists all the proposed members of the LED forum as well as their contact details.

Annexure C : Monitoring and Evaluation Framework

Annexure C provides a monitoring and evaluation framework for the 10 prioritised projects and is based on the SDBIP.

SECTION 2: STRATEGIC DEVELOPMENT FRAMEWORK

2.1 BACKGROUND

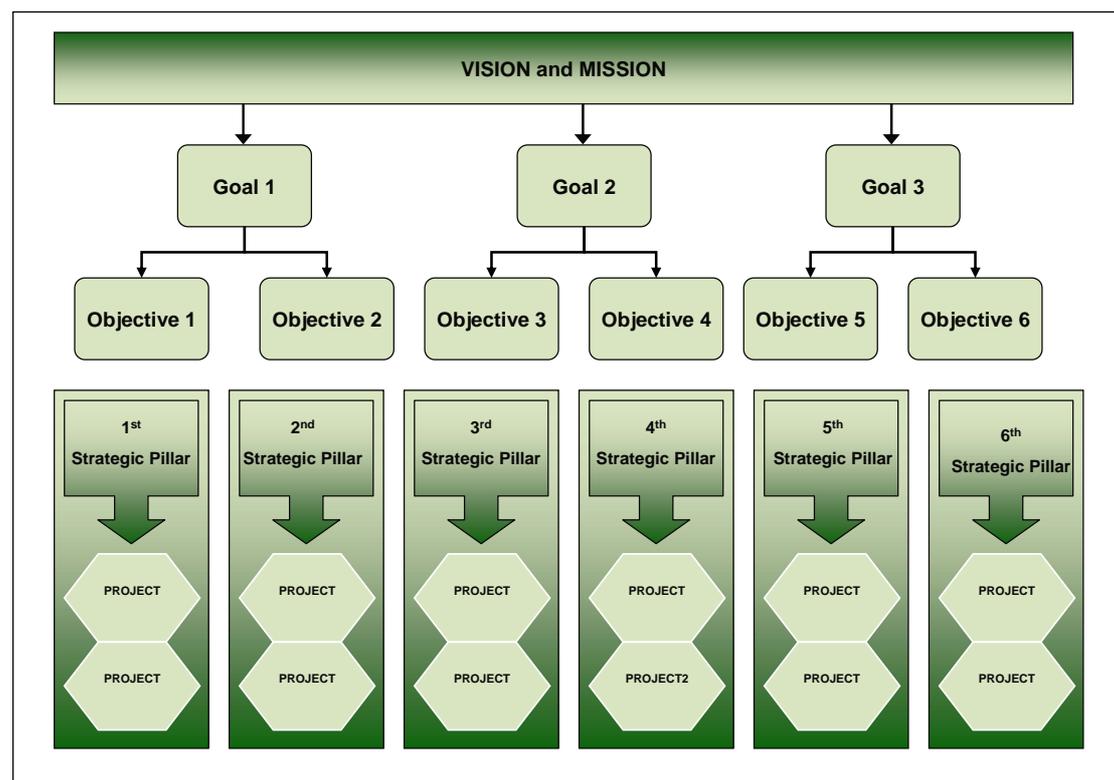
The purpose of this section is to present the developmental framework for the Gariep Local Municipality Local Economic Development (LED) Plan and describe the rationale for the composition of each element within the framework.

The strategic framework has been developed within the context of the status quo in Gariep, which is presented in the report titled Gariep Local Municipality Local Economic Development Plan Part I: Situation Analysis, and within the context of stakeholder engagements conducted at the various Stakeholder Consultation Sessions.

The subsequent sections of this report provided a discussion around the vision and mission of the Gariep Local Municipality LED Plan as well as the LED Plans objectives, strategic pillars and various associated projects.

Figure 2.1 represents diagrammatically, the strategic framework of the Gariep LED Plan.

Figure 2.1: Gariep Local Municipality LED Strategic Framework



Following the identification of all the opportunities and constraints in the situation analysis, the next step in the development of the Local Economic Development Plan is the vision and the mission. Flowing from the vision and the mission is the development of objectives that provide measures against which the LED Plan can be monitored.

Based on the policy environment, stakeholder's comments and the assessment of the *status quo* of Gariep in terms of the economy, social circumstances, policy directives, environmental

conditions, infrastructure availability and institutional capacity, it is possible to identify strategic pillars upon which the LED Plan will be built. These strategic pillars seek to address the constraints and threats identified in the situation analysis and have to be set in the context of the long-term vision for the local economy. Within each of these pillars, specific projects have been identified, which should collectively contribute towards achieving the goals and overarching economic vision for the Gariep Local Municipality.

The World Bank describes these elements of local economic development as follows:

| | |
|--------------------|---|
| Vision: | The vision usually describes the stakeholders' (community, private sector, municipality, non-governmental organisations) agreement on the preferred economic future of the economy. |
| Goals: | Goals are based on the overall vision and specify desired outcomes of the economic planning process. |
| Objectives: | Objectives set performance standards and target activities for development. They are time bound and measurable. |
| Programmes: | Programmes are set out approaches to achieving realistic economic development goals. They are time bound and measurable. |
| Projects: | Projects implement specific program components. They must be prioritised and all cost must be established. They are time bound and measurable. |

Source: World Bank, 2002. Local Economic Development; Quick Reference

The following sections describe the Gariep LED strategy framework in terms of the above.

2.2 VISION AND STRATEGIC MISSION

A key element of the LED Plan is the plan's vision. This is the first step to implementing the plan and thus solving the inherent problems prevalent in the local economy.

It was felt that the Gariep IDP vision aligned very closely to the objectives identified by the Gariep LED Plan and therefore that it should be used for the plan. In addition, the Gariep IDP vision and mission already have considerable stakeholder buy-in, and are well known throughout the Local Municipality. The Gariep economic vision is:

Creation of a conducive environment for an improved quality of life for all

The Gariep Local Municipalities mission seeks to guide the actions of the Local Municipality, spell out its overall goals and provide a sense of direction to guide the decision making process within Gariep. The Gariep strategic economic mission is:

Fighting poverty by creating opportunities for employment, stimulating entrepreneurial spirit, thus encouraging self employment and reliance

Based on this mission it is evident that the economic development that does occur in Gariiep should primarily focus on ensuring that issues such as poverty and unemployment are addressed while encouraging businesses to become independent of government support.

The strategic mission for Gariiep further contains the following key principles, as outlined in Table 2.1.

Table 2.1 Key principle of the Gariiep strategic mission

| KEY PRINCIPLE | DESCRIPTION |
|--|--|
| Fighting poverty | Poverty is the deprivation of common necessities such as food, clothing, shelter and safe drinking water, all of which determine a person's quality of life. Poverty also includes a lack of access to opportunities such as education, health care, employment, etc. Thus an integral part of local economic development is that it must address the high levels of poverty prevalent in Gariiep. |
| Creating opportunities | A key element to ensuring the success of poverty alleviation is providing the necessary opportunities for not only entrepreneurs but other members of the community to exploit existing resources. Creating opportunities therefore relates to not only providing skills but also to ensuring that the business and investment environment is conducive. |
| Stimulating entrepreneurial spirit | Entrepreneurship is recognised by the South African government as a vital contributor to economic development. ASGISA identifies the development of an entrepreneurial nation as key outcome. Therefore the promotion of entrepreneurship will help contribute to the economic development targets of Gariiep. |
| Encouraging self employment and reliance | The concept of self employment is closely lined to the concept of entrepreneurship and self reliance. Individuals and households should be supported in such a manner that they can exploit potential opportunities and develop so as they no longer have to rely on government sponsored projects for support. |

2.3 GOALS AND OBJECTIVES

Having established a vision and a strategic mission it is then necessary to set high level goals and objectives to ensure that the vision and mission are being achieved. Once formed, these goals and objectives should be monitored on an ongoing basis.

Within each goal, specific and SMART (i.e. specific, measurable, achievable, realistic and time-bound) objectives have been developed. These measurable objectives can then be used

to determine the success of the Gariep Local Municipality in achieving its vision and strategic mission.

The three strategic goals that have been identified are designed in such a way as to capture the priority issues identified in the Gariep LED Plan I: Situation Analysis. These overarching goals in turn feed into specific objectives, strategic pillars, programmes and projects.

The setting of objectives is based on the question: "What indicators need to be set to determine the extent to which the set economic vision and mission has been achieved?" Gariep objectives should be linked to both district and provincial (where appropriate) to ensure that the LED Plan is aligned with other policies and strategies.

The goals and objectives for the Gariep LED Plan identified by stakeholders along with their rationale are discussed below:

Goal #1: Strengthen the economy to fight unemployment by focusing on SMME development, the agricultural and tourism sectors

-
- *Objective 1.1: Grow the economy by increasing the average economic growth rate to 1.5% between 2010 and 2014, and by 3% year-on-year from 2014 onwards.*
 - *Objective 1.2: Reduce the unemployment rate by 10% by 2014, through the creation of new and expanded job opportunities.*
-

Objective 1.1: Economic growth in the Gariep Local Municipality is starting from a very low base with the annual year-on-year GGP (Gross Geographical Product) between 1996 and 2000 only averaging 0.6%. This figure however has increased consistently since 2004 with 2007 registering an economic growth rate of 4.3%. These figures however are below the provincial PGDP target (5% to 8% between 2004 and 2014) and the national ASGISA target (4.5% for 2009 and 6% from 2010 onwards). It is also recognised that in the current economic climate it will be unrealistic for the Gariep Local Municipality to achieve these targets. It is assumed however that the Gariep Local Municipality can still grow its economy by an average 1.5% per annum over the next 5 years. This growth rate over the next 5 years will translate into an increase of R 34 million to GGP by 2014 or an average annual increase in GGP of R4.8 million.

Objective 1.2: The current unemployment level in the Gariep Local Municipality is 22% if the broad definition of unemployment is used. A reduction of 10% translates into the creation of approximately 293 permanent jobs by 2014, i.e. the creation of roughly 75 permanent jobs per annum. This target is slightly lower than the goal of halving unemployment by 2014 set out in the PGDP, but is considered more realistic. Due to the Gariep Local Municipality's limited revenue base, the municipality should attempt to source this money through grant funding.

Goal #2: Improve service delivery capacity

-
- *Objective 2.1: Increase the Gariep Local Municipalities capital expenditure budget for key LED infrastructure; particularly roads, electricity and water; by 5% annually.*

- *Objective 2.2: Increase the number of positions filled in the Community and Technical Services Department at the Gariep Local Municipality by 6% annually between 2009 and 2014.*

Objective 2.1: Currently the Gariep budget allocates in excess of R 74.15 million to upgrading key economic infrastructure throughout the municipality over the next three financial years. Of this amount however only R 5.5 million is allocated to the upgrading of road infrastructure of which most is allocated to the upgrade of roads in Mzanomhle. This objective aims therefore, to increase the amount allocated to economic infrastructure, by 5% or +/- R 3.7 million annually. This capital expenditure should be targeted specifically at road infrastructure along key mobility routes.

Objective 2.2: According to the Gariep Local Municipality Human Resources Department only 44% of the total positions at the Municipality are filled. Total filled positions across departments varies between 38% and 69%, with the Community Services and Technical Services Departments having the fewest filled positions with 47% and 38% respectively. Both these departments are recognised as priority departments in terms of LED, with the Technical Services Department being critical in terms of ensuring adequate economic infrastructure. This objective therefore aims to ensure that the Gariep Local Municipality reaches a vacancy rate of 12% by 2014. In addition when a vacancy does occur it should be filled within 9 months¹. In the process of filling these positions the various government organizations should particularly focus on employing individuals from the local area. Part of this process should involve an assessment of skills attraction and retention techniques.

Goal #3: Support SMMEs through local procurement

-
- *Objective 3.1: By 2010 provide funding for the establishment of an SMME help desk within the Gariep Municipality, to be operational by 2011.*
 - *Objective 3.2: Ensure that by 2014 at least 10% of total procurement expenditure is spent on local suppliers.*

Objective 3.1: SMMEs, including informal traders, contribute significantly to the success of local economies worldwide. SMMEs can therefore contribute significantly to employment creation in the Gariep Local Municipality. SMME development is also recognised as a major priority in the Gariep IDP as well as the Ukhahlamba GDS Agreement. This objective therefore aims to establish an SMME unit within the Gariep Municipality to assist SMMEs in the area. In addition, the objective aims to establish a chamber of commerce where established businesses and SMMEs from Gariep can meet to address pertinent business issues.

Objective 3.2: Local procurement is recognised as a key way to grow local SMMEs in Gariep as well as prevent income leakage out of the municipality. Currently there are no exact figures on local procurement however the Gariep supply chain unit estimates that R 300,000 is procured from +/- 20 local suppliers on a monthly basis. This brings procurement from local

¹ These benchmark figures are based on the figures proposed by the South African Department of Public Service and Administration.

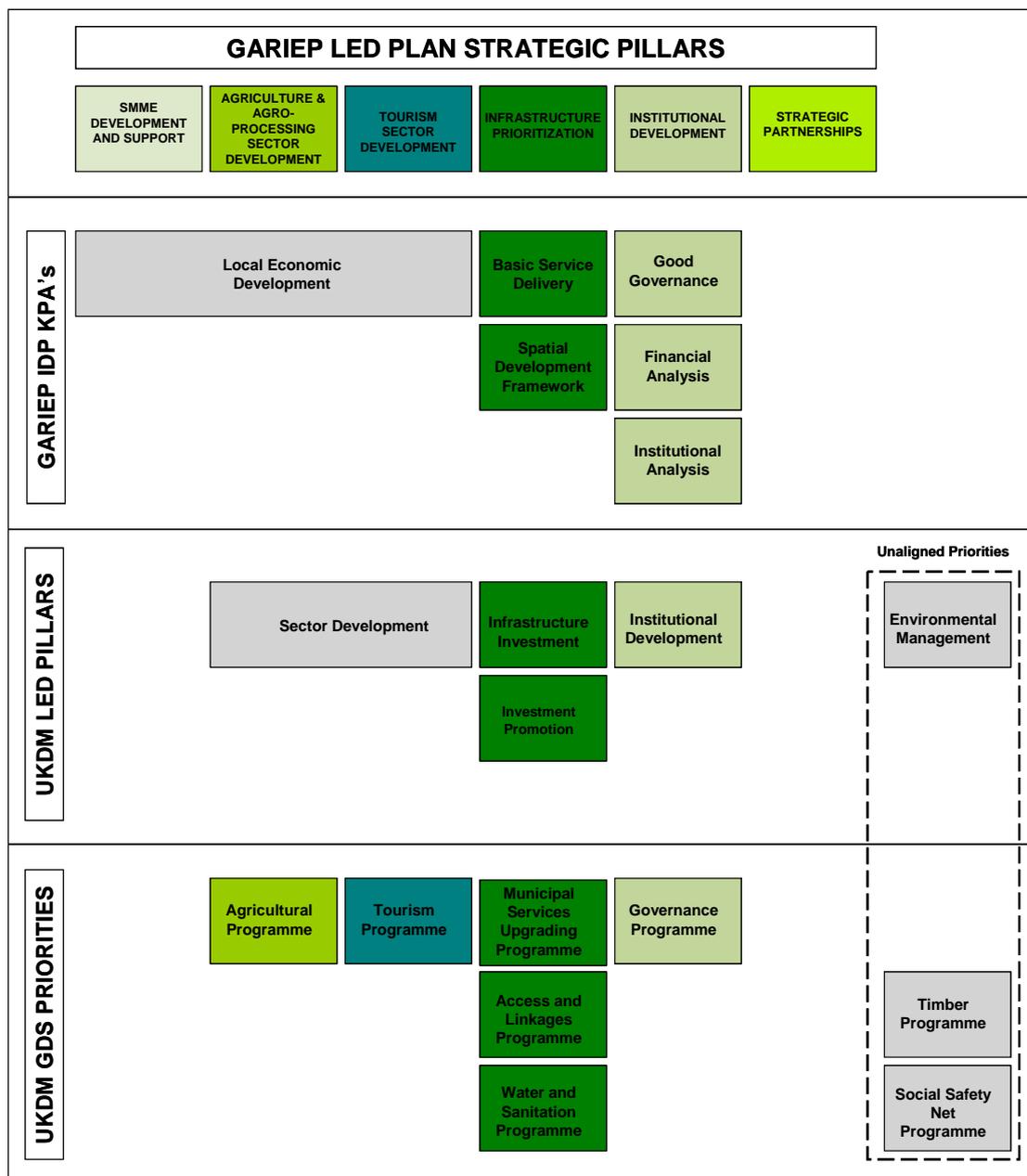
suppliers to an estimated R 3.6 million annually or 6.6% of current operating expenditure per the municipalities general financial statements.

It is however recognised that the Gariep Local Municipalities ability to procure from local suppliers is limited by the availability of such suppliers in the area. This objective should thus be linked to the development of SMMEs so that they can meet the Gariep Local Municipality's supply requirements.

2.4 STRATEGIC PILLARS AND PROGRAMMES

Given the economic potential of Gariep, in addition to the economic vision, mission and objectives described above, 6 key pillars have been identified, which if implemented in an integrated fashion, should stimulate economic growth development in the region.

Figure 2.2 Gariep LED Plan high level alignment



These strategic pillars and programmes are based on the opportunities identified in the in the economic potential profile (as discussed in the Gariep Local Municipality Local Economic Development Plan I: Situation Analysis) and through stakeholder engagement. Through these strategic pillars the Gariep LED Plan aims to concentrate municipal resources so as to exploit local economic development opportunities and the areas competitive advantage..

As part of the development process it is necessary to ensure that the proposed strategic pillars align with the Ukhahlamba GDS Agreement, the Ukhahlamba LED Strategy and the Gariep IDP. This alignment is reflected in Figures 2.2.

Within each of these strategic pillars are a set of priority projects. The six identified strategic pillars, as well as their respective projects are discussed in more detail below. Specific emphasis is placed on the rationale for the identification of each of these strategic programmes as well as the proposed projects linked to them.

2.4.1 SMME Development and Support

While SMMEs, which for the purpose of the Gariep LED Plan includes informal traders, can be important contributors to economic development, SMMEs and informal traders, face a number of constraints which results in the success rate of start up businesses being low. It is for this reason that the support of SMMEs and informal traders is critical to the development of the economy. Not only is support to existing SMMEs and informal traders important, but the encouragement of entrepreneurial development is also seen as vital to the continued expansion of the small business sector.

Challenges that often hinder entrepreneurial activity include:

- Poor education and skills levels
- Lack of confidence and initiative
- Ineffective financial support to small enterprises/potential entrepreneurs
- Administrative burden of government policy and labour legislation

A number of the enterprises operating in the Gariep Local Municipality are small businesses, or informal traders and it is for this reason that targeted support to this sector has been identified as a priority of the LED Plan. In addition to this, the low level of local entrepreneurship and poor skills levels amongst the population of Gariep have both been identified as challenges pertaining to enterprise development in the local municipality.

The development and support of SMMEs therefore refers to providing Small, Medium and Micro Enterprise as well as informal traders in the Gariep Local Municipality with support in terms of financing (through either subsidies or tax rebates), preferential procurement policies and technical assistance in respect of management and marketing. This pillar therefore focuses on strengthening SMMEs and informal traders in the area so that they can add value to the local economy. Key to this process is also supporting informal traders in such a way as to potentially turn them into either SMMEs or formal businesses.

In order to address these challenges, the following projects are proposed under the pillar of SMME development and support:

| PROJECT NAME | DESCRIPTION |
|---|--|
| SMME Projects (i.e. gardens, cleaning of townships) | <p>This project combines a number of smaller projects identified from the Stakeholder Consultation Sessions. Due to the nature of these projects they can easily be conducted by a SMME or a number of SMMEs. These projects include:</p> <ul style="list-style-type: none"> • Cleaning of townships • Garden projects in townships • Clearing of shrubs along roads |
| Economic Infrastructure for informal traders | <p>It has been identified that informal traders, particularly hawkers lack adequate places to display and store their wares. Informal traders also lack suitable amenities i.e. toilets. This project focuses on developing such infrastructure in priority areas.</p> |
| Support to existing government projects to become sustainable enterprises | <p>There are a number of poverty relief and LED related projects currently operating in the Gariep Local Municipality by various government departments such as DEDEA and DSD. This project focuses on providing them with support (i.e. training, financial support, preferential procurement) to ensure that they become viable businesses.</p> |
| Develop SMME Plan | <p>This project aims to develop a SMME Plan so as to promote and support the development of SMMEs in Gariep. Through this Plan an audit of existing formal and informal SMMEs should be conducted including their skill levels, access to finance, training received etc. The Plan should also identify what support structures are necessary to facilitate the implementation of successful SMME development.</p> |
| SMME Helpdesk | <p>The SMME Helpdesk project aims to appoint a dedicated individual within the Gariep Local Municipality structure to assist in SMME support and training. This help desk would also handle small scale issues such as assisting SMME's in registering their business, applying for licences, educating them on trade by-laws etc.</p> |
| Satellite FET College in Steynsburg | <p>One of the key constraints to development in the Gariep Local Municipality is the lack of skills. This project therefore aims to establish a FET college in Steynsburg so as to provide training to both students and SMMEs particularly in the area of business management, entrepreneurship and trades.</p> |

| PROJECT NAME | DESCRIPTION |
|--|--|
| Value chain analysis for priority sectors | This project aims to assess if there are any gaps in the priority sectors value chains. Linked to this is an investigation into the feasibility of establishing businesses in these sectors to fill these identified gaps. |
| Local Procurement policies and supply chain management | Local procurement was recognised as a key means of effectively supporting emerging SMMEs. This project therefore focuses on the Gariep Local Municipality using local supplies to acquire basic products such as catering, building supplies etc. |
| Establish and Support LED forum | This project aims to establish and support the LED forum. The purpose of this forum would be to ensure that LED initiatives are efficiently and effectively implemented throughout Gariep. As part of this project a Terms of Reference will need to be developed. |

2.4.2 Infrastructure Prioritization

Infrastructure prioritization aims to insure that investment in infrastructure focuses on the development and maintenance of priority economic infrastructure particularly roads, waste management, water and electricity. Although this economic infrastructure focuses primarily on physical structures it also includes the provision and maintenance of:

- Transport Infrastructure (i.e. roads, railways, airstrips)
- Waste management and disposal
- Electrical power
- Water and sanitation
- Telecommunications
- Land and land reform

The focal point of this strategic pillar is therefore the upgrading and maintenance of economic infrastructure as well as the creation of new, key economic infrastructure in priority areas. The reason for the development of key economic infrastructure is due to the critical role that such infrastructure plays in LED. Economic infrastructure is also important because:

1. Socio-economic conditions of any area are inextricably linked to the basic infrastructure. Social development can therefore be facilitated and accelerated through the provision and maintenance of economic infrastructure, which can subsequently improve the standards of living of residents in Gariep Local Municipality.
2. The lack of adequate infrastructure and basic services compromises the international, national and local investment environment. The improvement in the state and quality of general economic infrastructure enhances the accessibility to markets, mobility of goods and services, and interregional linkages.

3. Infrastructure development is regarded as one of the most prominent methods of employment creation, owing to the high labour intensity required for most infrastructure projects.
4. Through the attraction of new public and private investments, critical bulk and sector specific infrastructure backlogs can be addressed. This then acts as a pre-condition for unlocking new economic growth levels.

The Gariep Local Municipality is faced with a number of challenges in terms of infrastructure provision as well as addressing the current backlogs in infrastructure. The most important consist of the following:

- Poor quality of roads
- Poor waste management practises
- Old and damaged water infrastructure
- Reliable energy supply to all communities

One of the largest infrastructure problems facing the Gariep Local Municipality currently is the poorly maintained roads. Certain roads, particularly the R 390, are in a very poor condition and are inadequate to cope with an increase in traffic volumes. This situation inhibits the expansion of industry and business in the area, particularly those who require a well maintained road network to transport their goods.

The projects identified for infrastructure prioritization are as follows:

| PROJECT NAME | DESCRIPTION |
|---|---|
| Road and street maintenance and upgrading | This project focuses on upgrading and maintaining key transport routes throughout Gariep particularly the mobility route between Venterstad, Steynsburg and Burgersdorp. This project also includes the tarring of the road between Burgersdorp and Bethulie as well as the installation of a weight bridge along the R390 between Venterstad and Steynsburg. |
| Taxi Rank development in Burgersdorp | Although there is already a taxi rank in Brugersdorp its location is unsuitable. This project therefore focuses on establishing a new taxi rank, possibly linked to hawker stalls on the corner of Stasie Way and Coligny Street. Alternatively if the existing rank is to be used, this project should focus on developing ancillary facilities, such as shelters and toilets. |
| Rubbish bins | The lack of rubbish bins throughout Gariep has a negative impact on the aesthetic of the area and can create a poor impact on visiting tourists. This project aims to install a number of dustbins throughout the municipality and ensure that they are maintained and emptied on a regular basis. |

| PROJECT NAME | DESCRIPTION |
|--|--|
| Provision of signage | Another key element to economic development in the area is having adequate road signage. This is particularly true for the tourism industry which requires suitable signage to make tourists aware of the many attractions that are available in Gariep as well as to guide them effectively between these various attractions. This project therefore aims to repair, install and maintain both tourism and road signage in the Gariep area. |
| Maintenance and upgrading of towns | This project focuses on using SMMEs to revitalize the towns in Gariep so as to attract more business and tourists to these areas. As part of this process the Gariep Local Municipality should utilize SMMEs to provide maintenance and rehabilitation services to towns throughout the municipality. In addition, this project should focus on the beautification of key historical areas in Gariep. |
| ICT programme | The purpose of this project is to increase the use of ICT in Gariep as an enabler for economic development and to provide access to appropriate ICT services, technologies. These technologies should be primarily directed at visiting business tourists. The project will also have strategic linkages with various stakeholders such as local government, education and training institutions, funding organisations and ICT organisations. |
| Airstrip upgrade at Venterstad | The airstrip in Venterstad is recognised as a potential entry point for tourists visiting the Gariep Dam. This project therefore focuses on upgrading the airstrip to gravel and installing lighting so it can be used at night time. |
| Additional land purchase for development | This project involves the acquisition of additional land either directly by the municipality or with the assistance of the Department of Rural Development and Land Reform. The focus of this land would be to use it for identified LED projects and other business initiatives. |
| 1-Stop in Steynsburg/Venterstad | Due to Steynsburg's key location along the R390 there is potential to develop a truck stop coupled with other rest facilities to capitalise on truckers using this as an alternative route to Port Elizabeth. The outcome of this project would be a feasibility study on whether it is viable to develop such a rest stop in Steynsburg. |

2.4.3 Institutional Development

Institutional Development refers to the development of organizational systems that are efficient and effective. Institutional development considers increasing the capacity of local government, especially the ability to implement LED, as well as the general expertise of officials responsible for the implementation of LED. Institutional development also focuses on the capacity of the municipality to perform the specific powers and functions allocated to it by the Municipal Structures and Systems Acts.

Effective intervention against poverty and the attainment of a better quality of life for residents requires that local government institutions are effective. The Gariep Local Municipality should therefore focus on building its capacity so as it can successfully undertake their roles, powers and functions effectively. The Provincial and National government should also, within their mandates, provide support to local government.

Key to this process is ensuring that there is an adequate number of staff within all departments at the Gariep Local Municipality, particularly in the Community and Technical Services Departments, so as to ensure that LED projects and initiatives can be effectively implemented. Currently there is only one dedicated staff member responsible for LED and this official is also responsible for Gariep's Intergraded Development Planning.

A subcomponent of this is ensuring that there are specific retention strategies in place to ensure that key officials remain in the municipality. Alternatively it is necessary to ensure that when key officials leave there is either a succession plan or a means of maintaining their institutional memory.

Another critical area of importance in terms of institutional development is the skill level of municipal officials responsible for the implementation of LED. The focus of this programme is therefore also to ensure skills transfer between officials who have extensive knowledge around LED and those that do not.

Another means of supporting the Gariep LED unit and addressing the poor institutional capacity or lack of LED expertise in Gariep is through the District Support Team and District LED forum. Since both of these forums include stakeholders from all the municipalities in the Ukhahlamba Municipality they can be used as a means of providing training and increasing the skills expertise of municipal officials who lack inadequate expertise.

The focus of the Gariep Local Municipality, in terms of institutional development, should therefore be:

- Skills training
- Staff retention
- Institutional memory
- Hiring of additional qualified staff

The projects identified for institutional development are as follows:

| PROJECT NAME | DESCRIPTION |
|---|--|
| Red tape reduction programme | This is an analysis of the government processes involved in rezoning, investor querying, setting up a business in Gariep, complaint procedures for services/rates etc. and how they can be improved and streamlined to prevent unnecessary duplication and time delays. |
| Skills audit for municipality | The skills audit will identify the skills and knowledge that the municipality requires compared to what it currently has. From the audit, training needs will be determined so that the capacity and service delivery in the municipal can be improved. The audit should further identify the people who need development. |
| Fill key vacant municipal positions in the Technical and Community Services Departments | Effective service delivery in Gariep is inhibited by the large number of vacant posts within the municipality, particularly in the Community and Technical Services Departments. Therefore the appointment of key staff and the fast tracking of the selection process is essential, to improve service delivery in Gariep. |
| Skills retention strategy | Skill leakage out of Gariep needs to be addressed. Therefore a retention strategy should be formulated focusing on issues such: attractive compensation and benefits; job satisfaction; recognition; skills development and training; opportunities for growth and development; exposure to new technologies; and availability of enough resources to meet the demands of jobs and personal needs. |
| Awareness campaign around government processes | This project focuses on creating awareness around municipal processes and procedures within the Gariep Local Municipality. Part of this project includes the development of flow charts to graphically illustrate the procedures that individuals must go through to register a business, rezone land, query rates etc. |
| Tourism training and awareness | The tourism training and awareness project involves improving the tourism knowledge of key local operators in terms of available tourism products, key attractions and places of interest in the area. |
| Support LTOs and CTOs | This project seeks to strengthen the capacity of Local Tourism Organisations and Community Tourism Organisations in terms of dealing with Local Economic Development, and to encourage better coordination and integration amongst members. |

2.4.4 Agriculture and Agro-processing Sector Development

The agricultural sector in Gariep can potentially play a key role in future economic development. Although its contribution to GGP is relatively small (14%), its labour intensive nature means that its contribution to employment is relatively high, with the agricultural sector accounting for 28% of employment in Gariep. This makes the agricultural sector the second largest employer after the government services sector. A worrisome trend however has been developing since 1996, with the sector's contribution to both GGP and employment declining consistently. This is particularly concerning given that the agriculture sector provides inputs for manufacturing (specifically agro-processing).

The main type of farming in Gariep is stock farming, with most farmers rearing cattle, sheep or goats. The soil conditions and climate make the area largely unsuitable for crop farming, with only 9% of farming income coming from crops. Although the area is not suited for crops it is well suited for game farming, which could positively impact on the growth of the economy, particularly through the tourism sector.

Agro-processing has been identified as an opportunity and refers to the processing, packaging, marketing and distribution of primary goods / raw materials, e.g. processing raw materials and intermediate products derived from the agricultural sector.

While it is recognised that agriculture can not be expanded significantly given the bio-physical constraints in the region, land adjacent to the Orange River and the Orange River Tunnel can be used to irrigate crops. More intensive agriculture in these areas can also be explored.

The projects proposed under the strategic pillar of agriculture and agro-processing sector development are listed below:

| PROJECT NAME | DESCRIPTION |
|--|--|
| Investigate feasibility of implementing irrigation scheme | Currently water from the Gariep Dam and Orange River is not being utilised for irrigation purposes. This is due to a lack of knowledge about the current water demand pressures on the system from other parts of the country. This project aims to, in conjunction with the Department of Water and Environmental Affairs conduct a feasibility study on the potential of using some of the water from the Orange River and Gariep Dam for irrigation and possibly constructing a new irrigation scheme for the area. |
| Fish farming in Venterstad | This project focuses on restarting the fishing farming project that was proposed for Venterstad and Oviston. Part of this project should include a lessons learnt report on the reasons that the previous project was unsuccessful. |
| Feasibility studies for niche crops such as olives, pomegranates, roses, horticulture etc. | While large scale crop farming is inhibited by the prevailing soil and climatic conditions in Gariep there is still potential to introduce small scale, |

| PROJECT NAME | DESCRIPTION |
|---|--|
| | niche crop farming in areas under irrigation from the Gariep Dam/Orange River. This project focuses on determining, by means of a feasibility study, which niche crop would be most economically viable and sustainable. |
| Game farming | Game farming refers to the breeding/raising of game in captivity for marketing purposes e.g. hunting, tourism, etc. If implemented in a responsible manner, and in conjunction with neighboring stock farmers, game farming can be an attractive product that will attract local and international tourists. |
| Feasibility study for agro-processing (i.e. abattoir, tannery, wool washing and spinning) | Although the Gariep area is a large producer of beef and mutton, livestock is still transported out of the area to abattoirs and tanneries in other regions. There is thus an opportunity to develop an abattoir, tannery or wool washing and spinning industry in the area. This project would conduct a feasibility study to determine whether the establishment of such agro-processing enterprises would be an opportunity for the area. |
| Develop Agricultural profile of emerging farmers | Before targeted initiatives for emerging farmers can be developed it is necessary to have a comprehensive profile of them. This project would therefore include 1) identifying all emerging farmers in the area; 2) developing a profile of them as well as their farming activities; 3) identifying what potential interventions can be developed to assist them. This project is linked to the Incentive and mentoring programme for emerging farmers. |
| Incentive and mentoring programme for emerging farmers | Based on the findings from the emerging farmer's profile, this project seeks to provide assistance to these emerging farmers by means of mentorship programmes with established commercial farmers in the area. Part of this project would also include skills transfer and upskilling. |

2.4.5 Tourism Sector Development

Tourism can be an important contributor to the informal economy and can provide opportunities for entrepreneurs and SMMEs to enter the market. The tourism sector in Gariep while currently limited has potential to grow around key attractions and nodes such as the Gariep Dam, Oviston Nature Reserve and the historical town of Burgersdorp.

While no tourism plan exists for the Gariep Local Municipality, the District Tourism Marketing and Development Plan provides a brief overview of the tourism sector in Gariep as well as its

existing tourism products and latent tourism potential. Key tourism products in Gariep identified in the Tourism Marketing and Development Plan are the Gariep Dam, Oviston Nature Reserve, Anglo-Boer War battlefields, prehistoric fossils and San rock paintings. Other tourist activities in the area include biking, game viewing and water sports on Lake Gariep and at the J.L. De Bruin Dam.

In order to effectively develop the tourism industry in the area, a number of prerequisites are required, including:

- Infrastructure development
- Development of tourism products, most notably signage
- Development of marketing material

Due to the lack of a tourism plan for the Gariep Local Municipality tourism initiatives conducted by the municipality should follow the recommendation provided by the Ukhahlamba Tourism Marketing and Development Plan.

The projects proposed under the strategic pillar of tourism sector development are listed below:

| PROJECT NAME | DESCRIPTION |
|--|--|
| Tourism Baseline study | At present there is a lack of information on the tourism sector in Gariep. This project would seek to collect accurate information of tourist establishments in the region, on numbers employed, length of stay of visitor etc. The purpose of this would be to gain accurate data to allow for proper planning for this sector. |
| Oviston Tunnel visitors centre | A unique feature in the Gariep Local Municipality is the 82.8 km Orange River tunnel which starts at Oviston. This project proposes the development of a visitors centre at Oviston showcasing the construction and operation of the inlet tunnel. Part of this centre could include guided tours to the inlet. |
| Grading of accommodation establishments | A number of the accommodation establishments in the Gariep area need to be graded so visiting tourists can make an informed decision on where they wish to stay. This project involves the development of an awareness programme to encourage the grading of more tourism establishments in the area. |
| Calendar of events and tourism brochures | This project aims to develop and promote local events as well improve awareness around these events both locally and nationally. The overall aim therefore is to increase outside participants and increase visitor numbers to the Gariep area. This should be done through the development of a regional events calendar as well as brochures |

| PROJECT NAME | DESCRIPTION |
|---|---|
| | that could be distributed to various tourism providers. |
| Develop tourism route and attractions | This project proposes establishing a new tourism route between the Gariep Dam, Venterstad, Steynsburg and Burgersdorp. Part of this project would include upgrading of roads and attractions along the route, coordinating signage, developing of promotional material and the promotion of the route itself. |
| Develop Gariep for visiting business people/contractors | This project aims to create a conducive environment for visiting business tourists largely by means of improving the telecommunications network. This project should therefore focus on providing improved wireless internet access and promoting the development of an internet café in Burgersdorp. |
| Regeneration projects to develop Gariep as a historic small town attraction | The aim of this project is to upgrade and beautify the various historic towns in Gariep, particularly Burgersdorp. The primary focus of this project however would be the upgrading and maintaining of the various historical monuments in the area. |

2.4.6 Strategic Partnerships

The creation of strategic partnerships refers to the forging of formal relationships with both public and private sector organizations that may work together effectively with the Gariep Local Municipality for the purpose of improving the general well-being of the area.

It is recognised that the Gariep Local Municipality in many cases lacks the necessary human, financial and technical capacity to successfully implement both LED and other development initiatives. The Gariep Local Municipality therefore needs to create formal partnerships with strategic partners, so as to tap into the established resources and expertise of existing partners, which are available for utilization in the Gariep area. Through the forging of formal relationships, the public and private sector can pool resources and focus efforts into strategic projects that will have a positive, sustainable impact on the economy of the Gariep Local Municipality.

The creation of strategic partnerships will be advantageous to the Gariep Local Municipality in that it allows for:

- A transfer of skills and capacity building.
- Expertise in specialised areas of research and development.
- Improved co-operation and support of local economic development initiatives.
- Access to funding.

The National Framework for Local Economic Development recommends that all local municipalities be involved in at least one Public-Private Partnership (PPP). A formal relationship with the primary sector is the first step in the formulation of a PPP.

As part of the Gariep LED Plan a LED forum is being established to assist the municipality in development issues. This body will subsequently need to be formalized and supported by the Gariep Local Municipality. This forum will help provide strategic input into the development of the respective LED Plan. This forum should further be sustained and used to obtain local insight into the functioning of LED in the area.

Although no formal Chambers of Commerce exists in Gariep the municipality should use the LED forum as a means of fostering a healthy relationship between private enterprises in the area, most notably in the agriculture sector, and government sponsored initiatives.

The projects identified for strategic partnership pillar are as follows:

| PROJECT NAME | DESCRIPTION |
|---|--|
| Partnership with Karoo Municipalities to develop Karoo branded lamb | The aim of this project is for Karoo municipalities to cooperate in the development of a unique brand for lamb reared within these municipalities. Key to this would be jointly marketing the product as an alternative to other lamb. This project is being undertaken by the University of the Free State. |
| Lake !Gariep Initiative | This project focuses on using the proposed structures establish in the Lake !Gariep Initiative Management Strategy Report to foster good relationship and cooperation between the Gariep Local Municipalities and the other signatories to the document in terms of environmental, tourism and investment issues. |
| Partnership with existing routes | There is currently a very successful Mid-Karoo tourist route operating in Gariep. Presently however the route only incorporates the town of Steynsburg. The aim of this project is therefore to partner with the other towns within the route and potential expand the route to include other towns such as Burgersdorp and Oviston. |
| Website for Gariep with links to other Karoo Municipalities | A key means of marketing and creating awareness around the Gariep Local Municipality is through a website. This project therefore aims to develop a functional Gariep website, including a tourism component, with links to other Karoo towns' websites as well as the websites for Burgersdorp, Oviston and Steynsburg. |

| PROJECT NAME | DESCRIPTION |
|-------------------------------------|--|
| Tri-District Gariep Dam Development | This project links closely to the Lake !Gariep Initiative and focuses on encouraging joint development projects between the various local municipalities that border the Gariep Dam. The aim of the project is further to build on existing cross border projects and development them so they can benefit all local municipalities around the Gariep Dam. Linked to this project would be the residential and eco estate proposed as a catalytic project for the District Development Agency. |

2.5 PROJECT PRIORITISATION

The aim of project prioritisation is to determine which of the projects achieve the vision and which projects are catalytic to economic development in Gariep.

The projects presented below have been identified through a consultative process and presented to stakeholders at a Stakeholder Consultation Session. Stakeholders were requested to prioritise projects that they believed to be catalytic to the development of the Gariep Local Municipality.

Table 2.2 presents the projects that have been prioritised by stakeholders in Gariep. It is important to note that the projects are listed in order of preference and not in order of priority.

Table 2.2 Prioritised Projects

| PROJECT | PILLAR |
|---|---|
| Feasibility study for agro-processing (i.e. abattoir, tannery, wool washing and spinning) | Agriculture and Agro-processing Development |
| Lake !Gariep Initiative | Strategic Partnerships |
| Grading of accommodation establishments | Tourism Sector Development |
| Tourism training and awareness | Institutional Development |
| Develop tourism route and attractions | Tourism Sector Development |
| Fish farming in Venterstad | Agriculture and Agro-processing Development |
| Road and street maintenance and upgrading | Infrastructure Prioritization |
| Skills retention Strategy | Institutional Development |
| Establish and Support LED forum | SMME Development and Support |

| PROJECT | PILLAR |
|-------------------------------------|------------------------------|
| Satellite FET College in Steynsburg | SMME Development and Support |

Stakeholders agreed that the **feasibility study into agro-processing** in Gariep as well as the finalisation of the **Lake !Gariep initiative** where the highest priority projects. It was felt that through these projects the Gariep Local Municipality could best capitalise on the opportunities identified by the Gariep LED Plan, while at the same time promoting economic growth and job creation.

Stakeholders also felt that the Lake !Gariep Initiative could have positive synergies with other identified projects particularly the **development of a tourism route and attractions, partnership with existing tourism routes and road and street maintenance and upgrading**. Positive synergies include:

- Linking the Lake !Gariep Initiative to the development of an integrated tourism strategy around the Gariep Dam that focuses on supporting small and emerging tourist providers
- Using local procurement in the road maintenance and upgrading process to assist in the development of SMME's

In order to successfully implement the projects presented in this section, implementation guidelines and plans must be provided. This is the focus of the next Section of the strategy.

SECTION 3: IMPLEMENTATION PLAN

3.1 BACKGROUND

In order to allow the municipality to plan and implement the LED Plan in an effective, successful and sustainable manner, it is important that certain implementation arrangements are established. These arrangements include the establishment of a range of organisations, structures and networks, which form the mechanisms through which the LED Plan can be coordinated, managed, implemented and monitored.

This section looks at which institutional mechanism would be the most effective means of implementing the Gariep LED Plan. It is recognized that the Gariep Local Municipality has limited budgetary and human resource capacity and therefore that, as much as possible existing institutions and structures should be utilised to achieve the LED Plans objectives.

This chapter will be discussed in following subsections:

- Roles and responsibilities
- Current organisational structure and reporting relationships
- Recommended internal implementation mechanism
- Recommended external implementation mechanism
- Relationship challenges and solutions
- Support agencies
- Implementation Action Plan
- Monitoring and evaluation framework

3.2 ROLES AND RESPONSIBILITIES

It is important to recognise that local economic development is an ongoing process which involves a number of diverse stakeholders and initiatives that need to be integrated in a dynamic manner.

In terms of the South African Constitution, local government is given the objective of promoting social and economic development. Local government's developmental mandate therefore encourages both district and local municipalities to seek methods of addressing poverty, joblessness and redistribution in their local areas.

Based on this, a key element of the LED implementation process is ensuring that the roles and responsibilities of these various LED stakeholders are clearly defined. The next section considers these roles.

3.2.1 Local Municipality

Local municipalities need to play a connector role in respect of LED in that they should focus on creating access to existing resources that are available from various government support initiatives. Several other key roles in respect of LED are discussed in detail below.

1. Carry projects through to the local municipalities Integrated Development Plan

The LED Plan is a Sector Plan of the municipalities IDP and therefore must be carried into the IDP. All projects and programmes identified in the LED Plan should be reflected in the IDP in order to ensure that funding can be obtained and that identified projects can be implemented. The IDP should clearly indicate who is responsible for implementing the project based on the recommendations of the LED Plan.

2. Create an enabling environment conducive to investment

The local municipality is responsible for creating an environment conducive to investment in its area. This conducive environment pertains to a number of different issues including the provision of hard and soft infrastructure, ensuring that development approvals are provided timeously, ensuring that relevant base line business information is available to potential investors, communicating with development stakeholders, ensuring that service delivery is efficient, conducting forward planning to account for future development and providing a clean, healthy environment.

3. Allocate resources to Local Economic Development

A LED unit within a local municipality requires adequate resources to ensure that identified LED projects are successfully implemented. A local municipality should therefore allocate both financial and human resources to its LED unit. Where financial resources are constrained the municipality should investigate the potential of sourcing other development partners to assist in LED financing.

4. Coordinate, manage and facilitate LED planning

The primary role of a local municipality in terms of LED is to ensure that identified LED projects are successful and consistently implemented. This role also focuses on ensuring ongoing public participation around LED initiatives through continuous stakeholder engagements. As part of this process the LED unit can take on a number of roles; these include:

- Implementation
- Facilitation
- Coordination

Implementation

As an implementing agent the respective local municipality can initiate, fund (through its own budget or government allocations), design and project manage. These projects will generally be related to the strategy/policy framework in which LED is implemented, provision of infrastructure or to creating a more conducive environment for investment.

Facilitation

The facilitation of projects entails the local municipality assisting in obtaining funding for LED projects, identifying and facilitating the opportunities in the region through assisting with the removal of overly complicated restrictions, providing infrastructure and facilitating the project as effectively as possible.

Coordination

As a coordinating agent the local municipality is responsible for monitoring projects, providing motivation for project funding, integrating these projects with other ongoing initiatives and liaising with the relevant departments/organizations responsible for implementing these projects.

5. Monitor and evaluate the LED Plan

The local municipality should take primary responsibility for monitoring progress made in implementing their respective LED Plans. Local Municipalities should monitor the implementation of their LED Plan on at least an **annual basis** to assess whether the identified projects are being effectively implemented. Regular report backs should then be given to the LED Forum on successful projects and/or challenges faced. If there are obstacles to implementing specific projects then mitigation measures and interventions should be designed by the local municipality in conjunction with the implementing agent.

Do's and Don'ts for local municipalities in terms of LED

| DO'S | DON'TS |
|---|---|
| <ul style="list-style-type: none"> • Establish a LED unit to coordinate LED activities • Coordinate & manage LED planning • Create enabling environment • Provide infrastructure • Encourage public participation in LED • Promote inter-departmental collaboration • Promote & facilitate PPPs • Monitor & evaluate LED strategy • Facilitate LED | <ul style="list-style-type: none"> • Create unfair advantages for some stakeholders • Implement/run businesses or "projects" • Create new industries • Develop and hand out business plans to potential entrepreneurs |

3.2.2 District Municipality

Like local municipalities, district municipalities should focus on creating an environment conducive to private sector investment. District municipalities objective is however more strategic in that they focus on coordinating the activities of a broad range of LED stakeholders.

1. Develop LED capacity within local municipalities

A priority intervention area for district municipalities in terms of LED is supporting their local municipalities with LED initiatives. This support can take a number of forms and includes providing either technical or financial assistance. Technical assistance can take the form of the provision of human resource, possibly by seconding staff from the district municipality to one of its local municipalities, skills training or the provision of management and marketing expertise to the local municipality.

Financial support, where permitted by the Municipal Finance Management Act, should be on a project by project basis and preferably limited to catalytic projects. Alternatively the district

municipality can provide top up funding to ensure that the implementation of key LED projects in local municipalities are not compromised.

2. Build partnerships and relationships with stakeholders

The district municipality is also responsible for facilitating relationship building between provincial and national government departments, local municipalities and other LED stakeholders operating in the area. Through this process the district municipality should endeavour to create both formal and informal linkages between these stakeholders in respect of funding and other technical support. Part of this process should also involve encouraging local communities in the area to participate in LED.

3. Establish LED institutions

To aid in the above process the district municipality is responsible for establishing various LED structures to facilitate this relationship building. In the Ukhahlamba District Municipality this is done through both the District LED Forum and the District LED Support Team (previously the LED Practitioners Forum). The district municipality should ensure that these forum meetings occur on a regular basis and that they are used for not only sharing LED information, but also as a means networking amongst participants.

4. Identify available resources

One method of ensuring that LED projects at both a district and local level are successful is to ensure that they have both adequate financial and non-financial resources. The district municipality can play a key role in this process chiefly by providing funding to support local and district LED projects. This process however is strictly regulated by the Municipal Finance Management Act. Where not permitted to transfer funds, the district municipality can investigate the commercial potential of exploiting under-utilised or vacant assets (i.e. land, buildings) that are owned by the district municipality.

3.3 CURRENT ORGANISATIONAL STRUCTURE & REPORTING RELATIONSHIPS

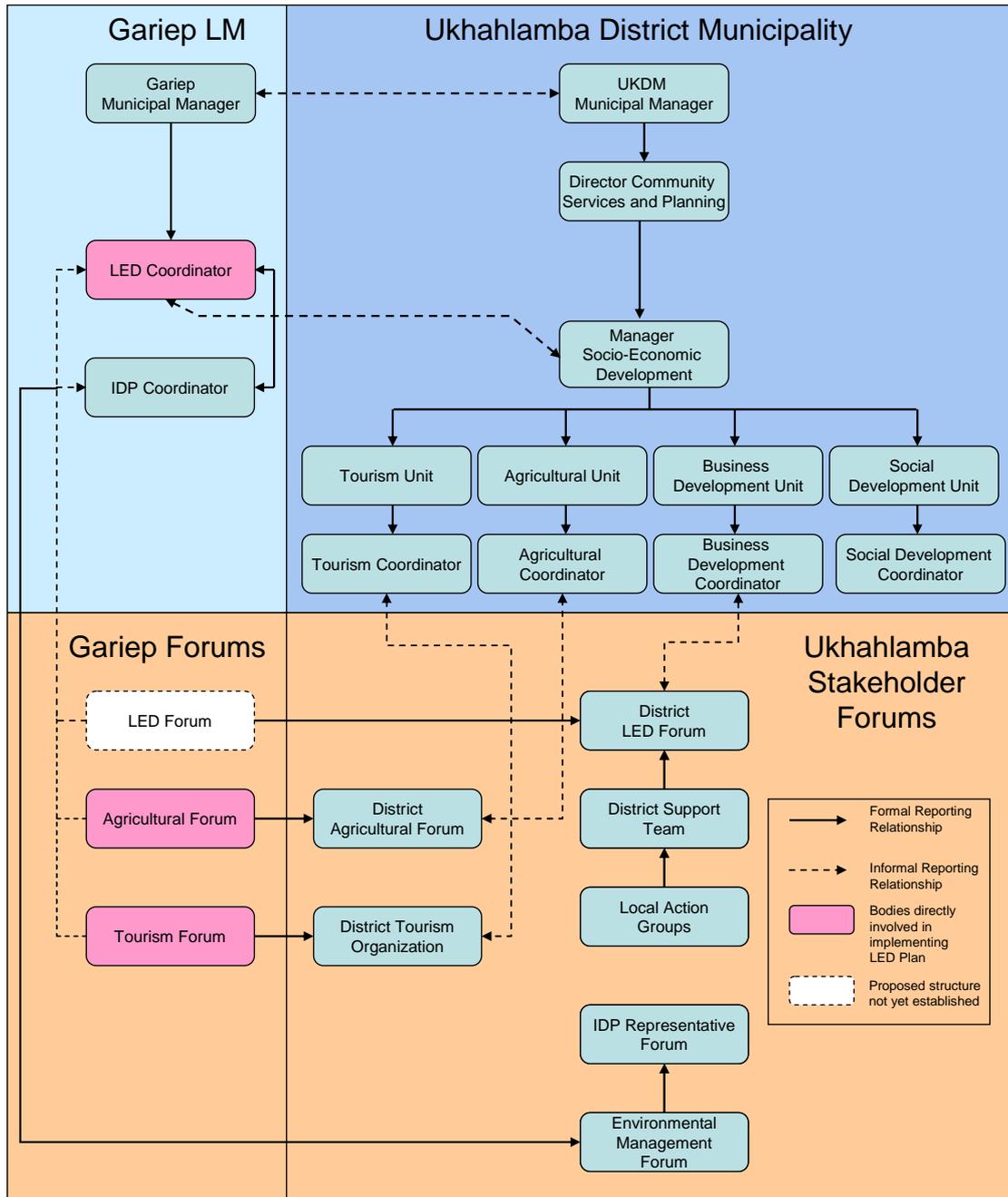
To implement the Gariep LED Plan effectively, financial and human resources need to be allocated through a structured mechanism. The aim of this section is therefore to present the various institutional arrangements that can be put in place in the local municipality to effectively implant the LED Plan. The institutional arrangements will focus both on the LED unit itself, as well as existing support agencies which can be engaged in LED. The advantages and disadvantages of each of the various options for the municipality will also be indicated.

In this respect it is important to understand from an implementation perspective, how the Gariep Local Municipality fits into the larger organisational structure of the Ukhahlamba District. Figure 3.1 illustrates this current relationship.

The figure shows that there are presently only informal relationships between the district and the Gariep Local Municipality. Both tourism and agricultural issues are addressed through the Gariep local municipality's private sector representatives on the District Tourism organization and Agricultural Forums. A key weakness in this regard is that there is no Gariep municipal

official sitting on either of these forums. This can result in a serious lack of coordination between municipal and private sector initiatives in these sectors in the Gariep Local Municipality.

Figure 3.1: Ukhahlamba District and Gariep LED structures with reporting relationships



3.4 RECOMMENDED INTERNAL IMPLEMENTATION MECHANISM

While the LED Plan will be managed and driven by the Gariep Local Municipality, projects will be operated by a number of different institutions where the local municipality will play a less direct role. The municipality should, therefore, seek to coordinate projects by aligning them with the various strategic pillars identified in the previous chapter. The following section aims to address the internal mechanisms for this implementation.

3.4.1 LED unit

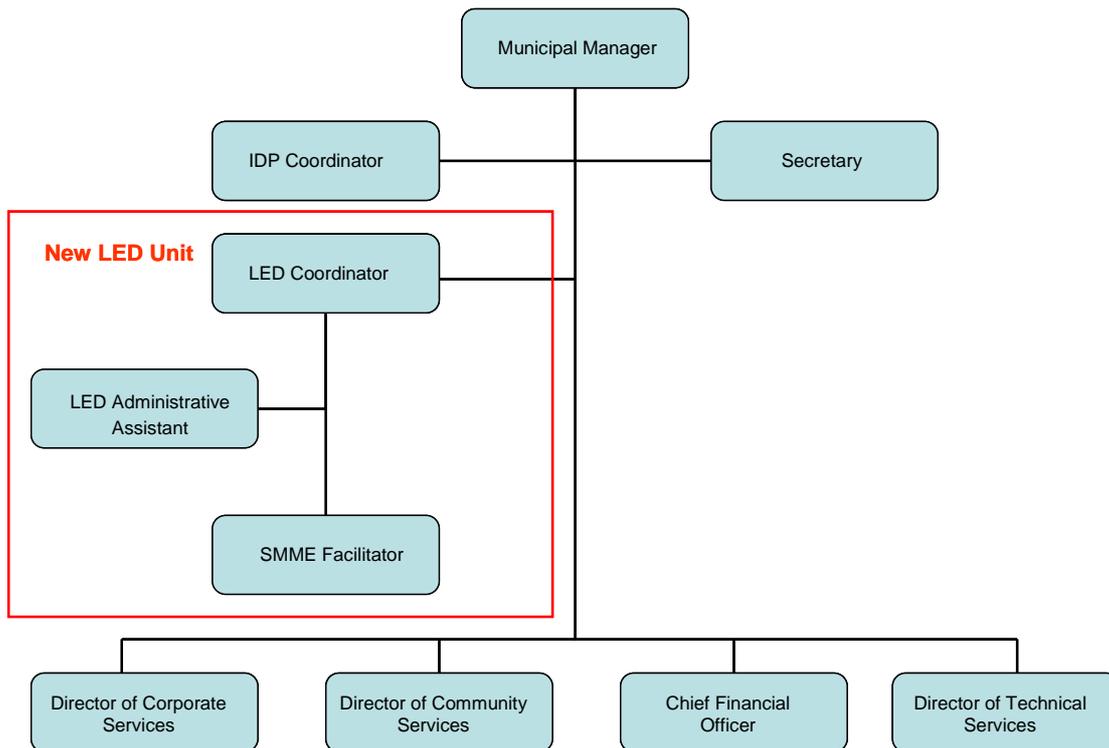
In order to ensure the successful implementation of both the LED Plan and the various identified projects, as well as ensuring that the aforementioned functions of the Gariep LED unit are fulfilled, two possible management structures are proposed.

- 1) Strengthening of internal LED unit for the implementation of the LED Plan
- 2) Coordinating the implementation of projects

1) Strengthening of internal LED unit for the implementation of the LED Plan

As the limited capacity of the Gariep Local Municipality, in terms of both financial and human resources, is one of the biggest challenges facing LED, the strengthening of the LED unit is essential to creating an enabling institutional environment aimed at the successful implementation and management of the LED Plan. It is therefore proposed that the Gariep LED unit be restructured and additional staff hired in such a way that, not only is the units capacity improved, but also its ability to implement the LED Plan. This new LED unit structure is illustrated in Figure 3.2.

Figure 3.2: Proposed Gariep LED Plan implementing structure



The new LED unit should comprise a LED Coordinator, a SMME Facilitator and an LED Administrative Assistant. These three new positions are discussed in more detail below.

LED Coordinator

The position of LED coordinator already exists in the Gariep local municipality's organogram and it would therefore just be necessary to separate the IDP component from their job

description and make them exclusively responsible for LED. Doing this however, should not compromise the relationship between the IDP process and LED. Furthermore the officials responsible for these two components should endeavour to maintain a good working relationship.

The LED Coordinator will therefore be responsible for:

- Integrating and coordinating the efforts of other national, provincial and local government departments in the implementation of LED projects, specific to their unit identified in the plan.
- Attending district and local LED Forum meetings.
- Attending the monthly coordinators meetings, and reporting back at these meetings on developments in the LED unit.
- Taking forward issues of relevance raised at the District LED Forum and the District Support Team for discussion at the monthly coordinators forum (and vice versa).
- Ensuring two way communication between the LED Forum and the Gariep Local Municipality.
- Implementing LED unit specific projects identified in the Gariep IDP and Gariep LED Plan.
- Monitoring the LED projects of the Gariep LED Plan through the monitoring and evaluation framework.
- Facilitating LED projects.
- Plan and promote LED projects that require outside support or implementation.

Figure 3.3: Example of SMME Facilitator advert

SMME Facilitator

Salary: R 120 262.78 – R 139 211.09

Requirements: • Diploma, Certificate or equivalent qualification in either Business Management, Entrepreneurship, LED or other related field • Experience in business management processes, SMME and co-operative development, project management, dealing with funders, will be an added advantage • Excellent verbal, organisational and report-writing skills • Valid Code B drivers licence • High level of computer literacy • Ability to maintain the highest standard of personal/professional integrity and ethical conduct in the organisation's business dealings

Key performance areas: • Provide technical assistance to small enterprises regarding business plans, finance, marketing or other types of assistance needed for project development • Serve as liaison between the Gariep Local Municipality and local SMMEs • Assist in implementing the Gariep LED Plan • Manage the day-to-day operation of the Gareip SMME helpdesk • Act as project manager for selected development projects • Receive enquiries from the business sector, public sector and other parties interested in enterprise-related opportunities • Identify sources of funding • Prepare proposals, including narrative development, editing, formatting and producing proposals • Prepare reports and make recommendations for action plans to the LED Coordinator • Perform other responsibilities associated with this position as assigned by the LED Coordinator

Please forward a detailed Curriculum Vitae (CV), including 3 references as well as a short letter (not more than 2 pages) motivating your application, which should indicate evidence of the key competencies, to: The HR Manager, Gariep Local Municipality, PO 13, Burgersdorp 9744.

Correspondence will be limited to short-listed candidates only.

The closing date for applications is: 30 November 2010.

Please accept that your application has been unsuccessful should you not have been contacted within a month of the closing date.

Jan Greyling Street • PO Box 13 •
Burgersdorp • 9744
Tel: 051 653 1777 • Fax: 051 653 0458



In addition the LED Coordinator should have specific targets, related to the implementation of the LED Plan. These targets should in turn be linked to their Performance Based Contract with this contract being reviewed on an annual basis to determine the degree to which the LED unit has effectively implemented the Plan.

SMME Facilitator

The important role that SMMEs and enterprise development plays in the Gariep economy makes it critical that a dedicated officer be employed to meet these business needs. The primary responsibility of this officer will be to run the SMME helpdesk which would be located in the LED office. The SMME helpdesk should be exclusively responsible for providing SMMEs and informal enterprises with non-finical support.

Other responsibilities of the SMME Facilitator should be:

- Assisting the LED Coordinator with the operation of the LED unit
- Monitor and evaluate the progress of SMMEs specific LED projects
- Through the SMME helpdesk, provide technical assistance to SMMEs and informal enterprises in respect of business issues
- Serve as a liaison between SMMEs and the Gariep Local Municipality
- Identify additional development opportunities for SMMEs
- Provide assistance to SMMEs with the tender process when tendering for municipal work

In the absence of the LED Coordinator the SMME Facilitator should also be able to conduct the functions of associated with the LED Coordinator job. As with the LED Coordinator the SMME Facilitator should have a Performance Based contract linked to their performance in supporting SMMEs.

FUNCTIONS OF THE SMME HELPDESK

The objective of the SMME helpdesk would be to assist both SMMEs and informal enterprises with issues such as registering their business and applying for trading/business licences. The SMME helpdesk should also identify existing business networks in the local municipality and develop a database of SMMEs and informal business.

The SMME helpdesk should also aim to develop the business skills of SMMEs by partnering with accredited educational institutions to provide training in elements such as business plan development, marketing, project management, how to identify market gaps etc.

The SMME helpdesk should however **not provide funding** to SMMEs. The SMME helpdesk should rather aim to develop partnerships with established financial institutions that can assist SMMEs and informal enterprises with funding. Alternatively the SMME helpdesk can assist SMMEs in getting in contact with other development financiers such as **Khula Enterprise Finance Ltd.** or the **Development Bank of Southern Africa.**

LED Administrative assistant

The administrative assistant for the LED unit would report directly to the LED coordinator and generally be responsible for the day-to-day management of the LED unit. Key performance areas for this administrative assistant would include:

- Assist in coordinating and executing project requirements and monitor outcomes
- Performing general secretarial work for the LED Coordinator and SMME Facilitator

- Take meeting minutes and write reports as required
- Typing, make appointments, bookings and reservations
- Make and receive calls, fax out and receive faxes, receive/send e-mail messages
- Manage appointments for the LED Coordinator and SMME Facilitator
- Sorting and opening correspondence
- Attend to enquires to be resolved by the LED Coordinator/SMME Facilitator

Special consideration should be given to the particular skill set of the administrative assistant as this individual should be able to, where necessary, act on behalf of either the LED Coordinator or SMME Facilitator. The administrative assistant should therefore be able to attend meetings on behalf of the other two officers and provide suitable input and direction. In this regard the administrative assistant should have some LED, project management or local government experience.

BUDGET CONSIDERATIONS

It is recognised that budgetary constraints play a major role in the hiring of additional staff. Careful consideration should therefore be given when deciding to hire additional staff. Based on the recommended implementing structure for the Gariep Local Municipality (see Figure 3.2) the following salary ranges are proposed for the new staff members:

| | |
|-------------------------------|---------------------------------------|
| LED Coordinator: | R 161 495.48 – R 178 327.52 per annum |
| SMME Facilitator | R 120 262.78 – R 139 211.09 per annum |
| LED Administrative Assistant: | R 87 157.10 – R 95 244.55 per annum |

Based on these salary scales the **maximum** amount that the Gariep Local Municipality would have to incur for additional staff salaries would be **R 412 783.16** per annum while the **minimum** amount they would incur for additional staff salaries would be **R 368 915.36** per annum.

It is also noted that funds allocated to salaries results in less money being available for LED projects. The Gariep Local Municipality should therefore start by employing a LED Coordinator and then, based on available funds, consider expanding the LED unit to include a SMME Facilitator and a LED Administrative Assistant.

2) Coordinating the implementation of projects

A second option, in view of the limitations in terms of budgets and capacity often experienced by municipalities, could be for the Gariep Local Municipality's LED unit to assume a more coordinating role, by concentrating its efforts on the identification of LED projects and the prioritisation and planning thereof.

This option therefore would involve the municipalities LED unit putting the implementation of specific projects out to tender. The implementing agents would then be responsible for conducting feasibility studies, marketing projects, sourcing financing and investors, as well as facilitating the training of participants and the development of capacity.

When awarding tenders for the implementation of LED projects careful consideration must be given to the service providers appointed. In this regard the appointed implementation agent should:

- Match the objectives and strategies of the LED Plan to the project;
- Inspire confidence among stakeholders;
- Be capable of producing results;
- Have sufficient staff capacity to implement the project efficiently and effectively;
- Be able to mobilise sufficient finance and human resources for the project;
- Be able to transfer skills from any outside agents involved to the municipality and community members where applicable;
- Be able to minimise the potential liability of the LED unit, the municipality and other stakeholders if the project experiences problems; and
- Monitor the progress of the project and satisfy the requirements of government legislation.

The capacity of the Gariep Local Municipality to implement LED projects is currently lacking. It is therefore suggested that, where possible, the use of implementation agents be used to conduct projects. However, it is essential that the implementers that are appointed are able to build the in-house capacity of the municipality in the medium and long term.

3.4.2 LED forum

The existence of a functioning LED Forum can serve as a key means of assisting both in the implementation and monitoring/evaluation of the LED Plan. The following section provides a brief overview of the goals of the LED unit, the role players that should be involved, who should coordinate the meetings and decisions made at the LED forum will affect both LED and the Gariep LED Plan.

Goals

The goals of the Gariep LED forum should be as follows:

1. Coordinate and ensure effectiveness of Local Economic Development in the Gariep Local Municipality
2. Monitor and evaluate the performance of the LED Forum with regards to local economic development implementation
3. To encourage the broad participation of all institutions and agencies in the Gariep Local Municipality and to ensure that they cooperate and work together towards local economic development
4. Ensure that implemented projects are in line with the Gariep IDP and Ukhahlamba GDS resolutions
5. To foster cooperation and coordination between the Gariep Local Municipality, the district municipality, government departments and the private sector
6. Integrate Gariep LED projects with those conducted by various government departments and the district municipality
7. To embark on annual review of progress achieved and challenges by ensuring a monitoring and evaluation framework is developed
8. To coordinate the implementation of all LED projects and/or activities within the Gariep area
9. Mobilise internal and external resources, capacities and skills required for the implementation of LED projects.
10. Promote sharing of strategies, priorities, activities and information with other departments, municipalities and service providers.

Although the Forum will have a wide scope it will have no capacity to implement projects. This will instead be the responsibility of the Gariep LED unit and provincial and national government departments. The forum should instead focus on the integration and coordination of LED activities and programmes in the Gariep Local Municipality. At the same time it should aim to improve communication between the various LED organisations that operate in Gariep.

Role -Players

The major role players and their contributions to the LED forum are provided in Table 3.1.

Table 3.1: LED Forum role players

| ROLE PLAYER | CONTRIBUTION TO THE LED FORUM |
|--|--|
| <p>Government Sector</p> <ul style="list-style-type: none"> • Gariep Local Municipality • Ukhahlamba District Municipality • Department of Local Government and Traditional Affairs • Department of Economic Development and Environmental Affairs • Department of Social Development • Relevant sector departments | <ul style="list-style-type: none"> • Analysis of the local economy • Provision of leadership to local economic development • Administration of economic development projects • Provision of services • Provision of financing and other incentives to promote LED • Establishment and maintenance of an enabling environment that stimulates business growth |
| <p>Private and Community Sector</p> <ul style="list-style-type: none"> • Commercial Banks • Tourism forum • Agricultural forum • Local community groups | <ul style="list-style-type: none"> • Provides the community with a wide range of resources and knowledge • May de-politicise LED projects, thus allowing for their long-term sustainability • The increase in trust, resources and sustainability bolsters the confidence of potential Investors • Developing mobilisation and consensus building skills prepares local government leaders for the challenges that emerge as participation increases and different perspectives emerge |

Stakeholders that are targeted for participation in LED planning should be involved in the review of the local area and in the review of specific projects that will be identified. Once the stakeholders and LED forum has been established the procedures, requirements and terms of reference of the LED forum needs to be established. A list of potential stakeholders including their contact details, are provided in Annexure B. These role-players were identified through two stakeholder consultation sessions.

Coordination of Meetings

The LED forum should meet on a quarterly basis or when the need arises. The DLGTA and/or the Ukhahlamba District Municipality should assist the Gariep Local Municipality in facilitating the operation of the Gariep LED Forum. The Gariep LED unit however, is responsible for coordinating quarterly meetings and communicating with stakeholders. The Gariep LED unit

is further responsible for facilitating forum meetings, compiling reports and taking meeting minutes at the forum.

In an effort to facilitate the LED forum, the Gariep Local Municipality should be responsible for identifying a venue and carry the costs of catering for the forum meetings. Members of the forum should be notified of the meetings at least three weeks in advance and should they be unable to attend, send their apologies to the Gariep LED unit. An agenda should be drawn up prior to each meeting which should help in maintaining consistent attendance.

Decision Making

Relevant issues pertinent to LED in the area should be discussed and debated at forum meetings according to the set agenda, after which consensus should be reached on outstanding issue and a decision in this regard made.

Key to the LED Forum process is that decisions made at forum meetings be integrated with the planning activities of both the Gariep LED unit and the municipality as a whole. This should be achieved through the continued involvement of the Gariep LED Coordinator at the forum meetings. The LED Coordinator must therefore ensure that decisions made at LED Forum are implemented.

3.5 EXTERNAL IMPLEMENTATION MECHANISM

3.5.1 Local Economic Development Agency

Background

The primary external implementation mechanism for LED is a Local Economic Development Agency (LEDA). A development agency is, in essence, a specialised body that acts as a delivery vehicle for economic development in a specific geographical area. The development agency is an extension of the developmental role of a local authority and is a mechanism by which economic ideas are translated into feasible and bankable projects. According to the IDC, a Development Agency has the following functions:

1. Fill the gap between the creation of development plans and their implementation by the local/regional government.
2. Act as a delivery tool to co-ordinate and manage public resources, potential investors and regional investment opportunities in accordance with the development objectives.
3. Be a dedicated champion tasked to ensure the delivery of development where all the necessary elements are available.

Objectives

A development agency is established to fill certain gaps a municipality does not have the required capacity to fill and also drive implementation of identified projects. The objectives of a development agency can be summarised as follows:

- With the assistance of the municipality, identify under-utilised municipal assets and exploit them in such a manner so as to realise their maximum value for local economic development
- Tailor LED projects to best suit local circumstances

- Focus on the development of economic projects while letting the municipality focus on meeting the basic needs of communities.
- Coordinate projects in such a manner so as to prevent duplication that could lead to a misuse of resources.
- Streamline the bureaucratic process so as to ensure that development projects are implemented in a timely manner.

Legal Framework

In terms of the Section 82 of Municipal Systems Act a development agency can take one of the following forms:

- A private company a Private Company which involves a process of incorporation in terms of the Companies Act 61 of 1973;
- A service utility established by way of by-law
- A multi jurisdictional service utility established by way of written agreement between two or more municipalities.

A non-municipal entity is selected where the municipality can be a member of a Section 21 company. However, according to the DPLG's Guidelines for developing a business plan for a Local Economic Development Agency, the municipal entity is the likely route that should be followed.

Benefits of a development agency

There are several benefits of a development agency. These include:

1. Providing a way of establishing a formal and legal partnership between different stakeholders to integrate development efforts and overcome problems of duplication and lack of co-ordination.
2. Strengthening the capacity of current LED systems and resources in place within a municipal area, using a semi-external body.
3. Acting as a focused driver of the economic development agenda within a local area, through raising external resources to support LED.
4. Supporting specific business sectors or specific geographical areas e.g. a development corridor.
5. Providing an opportunity to alleviate bureaucratic processes within a municipality with the intention of promoting a more private-sector type culture, and accelerate investment and public private partnerships.

It must be stressed that although the SPV is an independent organisation, municipalities remain:

1. Politically accountable for LED and cannot delegate political responsibility to the SPV; and
2. Responsible for public funds, even if projects are delegated to project institutions

CONCLUSION

While the use of a development agency is feasible it is recognised that there are several difficulties in their operation particularly in terms of funding. In addition, a decision has been taken at a district level to unwind any local development agencies (i.e. Mthombo Sediba) and rather establish a district wide development agency responsible for local economic development across the district. It is with this in mind that it is proposed that an internal mechanism is used to implement both the LED Plan and its projects.

3.5.2 Ukhahlamba District Development Agency

Background

As mentioned in section 3.5.1 the Ukhahlamba District Municipality is in the process of establishing a district wide development agency. This process is currently underway with funding applications submitted to the IDC in March 2009. The following section indicates what responsibility the LEDA will have in terms of LED implementation, what its relationship with the Gariep Local Municipality will be and what projects the LEDA will be involved in.

Mandate of the Ukhahlamba Local Economic Development Agency

The Ukhahlamba LED Strategy identifies three core roles for the LEDA. These are:

- Fulfil the mandate provided by Ukhahlamba District Municipality
- Leverage resources for catalytic projects
- Report back to Ukhahlamba District Municipality on operational matters

Some of the other responsibilities of the Development Agency as outlined in the UKDM IDC application are:

1. To generally act as business arm of all municipalities within the Ukhahlamba District
2. To provide the Ukhahlamba District with a One-Stop vehicle for possible development funding and/or technical assistance, as well as information on the priorities and consequences of the implementation of the District IDP
3. To act as an agency for and on behalf of all local municipalities within Ukhahlamba District for the purpose of identifying, implementing and managing economic, investment and infrastructure projects, **as identified and agreed to by each and/or all the Municipalities within Ukhahlamba District.**
4. To promote and develop the economic and investment potential of the Ukhahlamba District

The function of the LEDA will therefore primarily focus on implementing and project managing catalytic projects identified by the Ukhahlamba district municipality and the development agency. The Development Agency will also be responsible for sourcing funding to initiate these projects.

Relationship between the LEDA and the Gariep Local Municipality

The relationship between the LEDA and the Ukhahlamba district municipality will be fairly well defined with the district municipality being the primary shareholder in all proposed ownership structures (see the Ukhahlamba LED Strategy). The Ukhahlamba District Municipality will therefore be responsible for the appointment of the Development Agencies board of directors.

At the local municipal level the relationship is more complex. In terms of the ownership structure, three potential options for the LEDA were proposed in the IDC application. Of these options, two given a direct stake in the operation of the LEDA to the Gariep Local Municipality. The first option provides the Gariep Local Municipality with a 10% direct ownership stake in the LEDA while the second option provides the local municipality with one non-voting share. Based on the recommendations of the Ukhahlamba LED Strategy it is proposed that the LEDA be wholly owned by the district municipality which would remove any complication in ownership involvement by the Gariep Local Municipality.

Either the Municipal Manager of the Gariep Local Municipality or another senior municipal official should be represented on the board of directors of the LEDA. Such appointments however should be in a non-executive capacity. Through this representation the Gariep Local Municipality can ensure that the interests of the area are reflected in the LEDAs operation.

In terms of the day-to-day operation, the LEDA should focus on engaging strategic, cross-cutting projects that affect the district as a whole; with the Gariep Local Municipality conducting their own LED projects with a more localised impact.

Key lessons learnt:

- It is important to understand the role/responsibility of LEDAs versus the LED unit/municipality. It is the role of municipality to **develop policy** while the LEDA is responsible for **implement the policy** (not making it).
- Municipalities should not think that they can hand over LED responsibilities to a LEDA. Municipalities remain **politically accountable** for LED and cannot delegate political responsibility to another institution.
- It is important that officials and councillors all fully understand the role of LEDAs and municipalities to avoid confusion and rivalry. The two should view each other as developmental partners and work towards a common goal.

Source: 10 Things You Should Know if you Wish to Establish a LEDA, Blue Crane Route Municipality, 2008

Project Implementation

Based on the application to the IDC, the Ukhahlamba Development Agency identified several catalytic projects to be implemented by them once they are established. One of these projects, the development of residential eco and country estate with boutique hotel and conference facility near the Gariep Dam, relates specifically to the Gariep Local Municipality. The role of the Gariep Local Municipality and the LED unit in this project will be to work in conjunction with the Development Agency to successfully implement and run the project.

3.6 RELATIONSHIP CHALLENGES AND SOLUTIONS

There are a number of challenges that will face the Gariep Local Municipality when it comes to implementing the Gariep LED Plan. If these challenges are not adequately addressed they can negatively affect the municipalities' ability to meet its development targets. These challenges as well as possible solutions are discussed in more detail below.

| CHALLENGES | POSSIBLE SOLUTIONS |
|--|---|
| <p>Lack of coordination</p> <p>A key challenge faced by the municipality in terms of the LED Plan is the effective management of relations between the various government departments operating in Gariep, the Gariep Local Municipality, the District municipality and the other LED stakeholders in the area.</p> | <p>Coordination and integration</p> <p>The Gariep LM should play a more focused role with regards to improving relations between the local municipality, the district municipality, other government departments and LED stakeholders. There should also be increased inter-departmental cooperation within the Gariep Local Municipality. This will not only facilitate the flow of information but also facilitate the access of resources for development projects.</p> |

| | |
|--|--|
| <p>Lack of capacity</p> <p>There are still significant gaps in terms of financial and institutional capacity, skills and experience within the Gariep Local Municipality. There are also a limited number of coordinated and integrated capacity building projects amongst the various government departments, the Gariep Local Municipality and the district.</p> | <p>Training and development</p> <p>The Gariep local municipalities should engage on a more focused and direct training programme. Key training areas should include policy making and legislation, financial management and planning, development planning, information management etc. Training however should be done according to the development priorities of municipality. It is also important that elected representatives and officials also receive capacity building and training.</p> |
| <p>Administrative interference</p> <p>The local municipality is susceptible to the influence of the executive political model introduced by the national government. This may compromise accountability and good governance and lead to a lack of adequate technical input due to a general mistrust of technical experts.</p> | <p>Roles and responsibilities of councillors</p> <p>There is a need to develop guidelines which clarifies the roles and responsibilities of full-time and part time councillors. These guidelines should clearly identify and distinguish the areas of authority between elected officials and technical experts, in order to limit undue influence.</p> |
| <p>No communication policy</p> <p>Local government communication may be defined as the management of stakeholder relations to ensure mutual understanding in a municipal area. The lack of an effective dialog and communication policy between the Gariep Local Municipality and the community can result in a majority of the community lacking an understanding of the Gariep LED Plan and a low level of involvement in its implementation.</p> | <p>Communication plan</p> <p>The Gariep Local Municipality should put in place a communication policy to intensive the communication efforts between the municipality and the community. This policy should serve as a reference document to support councillors and head of departments who have to communicate various government programmes/projects of as part of their responsibilities.</p> |

3.7 SUPPORT AGENCIES

As it has already been identified capacity constraints can seriously hamper the successful implementation of both the LED Plan itself and its various identified projects. In addition, the limited budget for LED initiatives implies the need for the LED unit to coordinate the involvement of various support agencies to be able to successful implement the projects described in the Gariep LED Plan.

Support agencies therefore have a vital role to play in the development of a sustainable, dynamic, diverse economy in the Gariep Local Municipality. The Gariep LED unit can also use the services provided by these agencies to assist in the strategic objectives of the Gariep LED Plan. The following section offers a more detailed indication of the core services and focus areas of some of these support agencies.

3.7.1 IDC

Contact details for the IDC

Tel: 086 069 3888

Email: callcentre@idc.co.za

Website: www.idc.co.za

The IDC is a self-financing state owned development finance institution whose primary objectives are to contribute to the generation of balanced sustainable economic growth in Southern Africa and to further the economic empowerment of the South African population, thereby promoting the economic prosperity of all citizens.

Although the IDC reviews each project separately, funding preferences are given to the following:

- Financing fixed assets and the fixed portion of growth in working capital requirements
- Projects/businesses which have a significant developmental impact e.g. rural development
- Empowerment, job creation, township development and value addition

The IDC's primary role is to assist in acquiring finance. In this context, they have developed a wide variety of products, among which are:

- Commercial Loans
- Equity
- Quasi-Equity
- Bridging Finance
- Shareware housing
- Guarantees
- Wholesale Finance
- Export Finance
- Import Finance

3.7.2 ECDC

The Eastern Cape Development Corporation (ECDC) is a development agency whose primary objective is to plan, finance, coordinate and facilitate the economic development priorities for the Eastern Cape. Its mission is to positively contribute to government development for the Eastern Cape Province and to overcome the constraints of poverty, unemployment, inequality underdevelopment and the province's apartheid inheritance.

Contact details for the ECDC

Tel: +27 45 838 1910

Fax: +27 45 838 2176

E-mail: info@ecdc.co.za

Website: www.ecdc.co.za

The key roles of the ECDC are to:

- Provision of development finance to SMMEs
- Investment promotion
- Providing enterprise development services such as skills training and development
- Promote trade
- Assist in spatial and rural planning by encouraging investment in the rural area
- Project development
- Providing property management services

3.7.3 DBSA

Contact details for the DBSA

Tel: +27 11 313 3911

Fax: +27 11 313 3086

Website: www.dbsa.org

The DBSA is a development finance institution wholly owned by the South African government and whose purpose is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure throughout SADC region including South Africa.

To pursue its objectives the DBSA acts as a:

- **Financer** providing grants for project-level capacity building projects; lending facilities; investment options; and guarantees
- **Partner** through acting as a development catalyst; providing of training through its Vulindlela Academy and assisting in development facilitation
- **Advisor** providing development information; research, analysis and advice; technical assistance
- **Implementer** providing support in terms of the implementation and financing of projects

3.7.4 SEDA

SEDA is a government agency and a member of **the dti** group established in 2005. The mandate of SEDA is to implement the national government small business strategy in line with the dti's Integrated Small Enterprise Development Strategy. SEDA also supports, promotes, and grows enterprises with a special focus on co-operative enterprises located in rural areas.

Contact details for SEDA

Tel: +43 721 1720 / 1723

Fax: +43 721 1721

E-mail: info@seda.org.za

Website: www.seda.org.za

The task of SEDA is as follows:

- Provide information on how to start a business
- Assist with the setting up of a cooperative
- Assist with the compilation of business and marketing plans
- Mentor and coach entrepreneurs
- Build capacity of entrepreneurs through training
- Provide advice on the legal form of businesses, franchising, tendering and how to access finance
- Identify opportunities and business linkages for small enterprises

In general, SEDA aims at providing information to small business and prospective enterprisers that would encourage them to start and build sustainable businesses.

3.7.5 IDT

The Independent Development Trust (IDT) is a Schedule 2 public entity established as a means of adding value to the national development agenda of South Africa. The mandate of the IDT is support the South African government in

Contact details for the IDT

Tel: +27 47 502 5400

Fax: +27 47 531 2969

Website: www.idt.org.za

improving economic growth, reducing unemployment and eradicating poverty. Based on the socio-economic profile of South Africa and the unequal delivery of capacity, the IDT concentrates the majority of its resources to rural/non-urban areas.

In achieving its mandate, the IDT has four priority intervention areas. These are:

- Harnessing/leveraging resources by identifying gaps in the development process and accessing **existing** governmental and private sector resources to fill these gaps
- Building delivery capacity by either providing IDT staff to enhance and assist service delivery or by building the capacity of existing community level institutions
- Knowledge management which focuses on obtaining and coordinating information from a number of sources to effectively support development initiatives
- Monitoring and evaluation of government programmers so as to generate credible reports which can add value to policy analysis and review

3.7.6 Khula Enterprise Finance

Khula Enterprise Finance is a member of **the dti** group and focuses on providing wholesale finance to SMEs through a number of public and private channels. These channels include commercial banks, retail financial institutions, specialist funds and joint ventures in which Khula it is a participant. Its primary aim is to bridge the funding gap in the SME market not addressed by commercial financial institutions.

Contact details for Khula

Tel: +27 43 726 0756/3

Fax: +27 43 721 2447

E-mail: helpline@khula.org.za

Website: www.khula.org.za

Khula has a number of financing options available to SMEs such as:

- **Credit Indemnity Scheme** which provides finance to people who wish to start or expand SME businesses but do not have sufficient collateral / security to support facilities provided by participating banks. The scheme covers facilities from R10 000 to R3 million.
- **Business Partners-Khula Start-up Fund** which is a fund created to enable entrepreneurs to establish new businesses or business expansion
- **Enablis-Khula Loan Fund** which is a partnership between Khula, Enablis and FNB Enterprise Solutions; and is responsible for providing guarantees for loans in the ICT businesses.
- **Khula Emerging Contractors Fund** a joint venture initiative between Khula and the Eastern Cape Department of Public Works responsible for providing bridging finance to emerging black contractors in Grades 1 to 6 who have been awarded tenders by the Eastern Cape Department of Public Works.
- **Khula SME Fund** which provides early-stage and expansion capital to SMEs to a maximum of R 500,000 or greater amounts provided there is written consent from the trustees and the SME has a proven track record.
- **Khula Mentorship Programme** which provides pre and post loan mentorship to SMEs. The actual provision of mentorship services is done by independent mentors/business advisors that are skilled in their respective areas of specialisation.

3.7.7 South African Micro-Finance Apex Fund

The South African Micro-Finance Apex Fund (samaf) is an organization that provides financial services to the poor. The primary focus of this organisation is to provide financial services to clients who are poorer and more vulnerable than traditional bank clients.

samaf is tasked with facilitating the **provision of affordable access to finance** by micro small and survivalist business for the purpose of growing their own income and asset base. The primary purpose of samaf is therefore to reduce poverty and unemployment and also to extend financial services to the rural and peri-urban areas. Further to this, samaf aims to **build a network of self-sufficient and sustainable micro-finance institutions**.

samaf mandate is therefore to contribute to government's poverty reduction goals by acting as a catalyst for the development of an effective micro-finance sector through:

1. Support for the establishment of sustainable microfinance institutions that can reach poor entrepreneurs
2. Facilitate the establishment of an enabling environment for effective financial intermediation and creation of working markets for poor entrepreneurs
3. Building a strong, effective and efficient apex fund

3.7.8 Department of Economic Development and Environmental Affairs

DEDEA fulfills three core functions related to economic development as mandated various legislation and policies (i.e. PGDP). These functions are:

- Economic growth and development strategy formulation
- Marketing of the province, trade promotion and investment attraction, development finance, IDZ programme support, SMME development & support
- Tourism sector development

The key strategic objective of DEDEA which related to LED is the promotion of economic growth and development in the Province. DEDEA is not only a source of funding for LED programmes, but facilitates LED in the form of capacity building and technical support.

Of the 15 programmes that DEDEA must implement, 3 are related to Local Economic Development. These are:

- Integrated Economic Development Services (IEDS)
- Trade & Industry Development
- Economic Planning, Research & Development

3.8 IMPLEMENTATION PLAN SUMMARY

Contact details for samaf

Tel: +27 43 743 5259

Fax: +27 43 743 5249

Website: www.samaf.org.za

Contact details for DEDEA

Tel: +27 45 808 4000

Fax: +27 45 838 3981

The main recommendations of the implementation plan are as follows

| | |
|--|---|
| Roles and responsibilities | <ul style="list-style-type: none"> • Local Municipality <ol style="list-style-type: none"> 1. Carry projects through to the local municipalities Integrated Development Plan 2. Create an enabling environment conducive to investment 3. Allocate resources to Local Economic Development 4. Coordinate, manage and facilitate LED planning 5. Monitor and evaluate the LED Plan • District Municipality <ol style="list-style-type: none"> 5. Develop LED capacity within local municipalities 6. Build partnerships and relationships with stakeholders 7. Establish LED institutions 8. Identify available resources |
| Current organisational structure and reporting relationships | <ul style="list-style-type: none"> • Comprises a LED Coordinator • There are two existing forums supporting LED in Gariep namely Agriculture and Tourism |
| Recommended internal implementation mechanism | <ul style="list-style-type: none"> • Two recommended internal implementation mechanisms for the LED unit: <ol style="list-style-type: none"> 1. Strengthening of internal LED unit for implementation 2. Outsourcing projects for implementation • Strengthening of the LED unit entails hiring 3 additional staff members (LED Coordinator, SMME Facilitator, LED Administrative Assistant) at a cost of between R 368 915.36 and R 412 783.16 • LED unit should be strengthened to assist in monitoring the progress of LED |
| Recommended external implementation mechanism | <ul style="list-style-type: none"> • Primary external implementation mechanism will be the Ukhahlamba District Development Agency • Development Agencies role will be to conduct catalytic projects with the assistance of the Gariep Local Municipality |
| Relationship challenges and solutions | <ul style="list-style-type: none"> • Challenges <ol style="list-style-type: none"> 1. Lack of coordination 2. Lack of capacity 3. Administrative interference 4. No communication policy • Solutions <ol style="list-style-type: none"> 1. Coordination and integration 2. Training and development 3. Roles and responsibilities of councillors 4. Communication plan |
| Support agencies | <ul style="list-style-type: none"> • The following support agencies were identified to assist the Gariep LED unit: |

| | |
|--|---|
| | <ol style="list-style-type: none">1. IDC2. ECDC3. DBSA4. SEDA5. IDT6. Khula Enterprise Finance |
|--|---|

3.9 IMPLEMENTATION ACTION PLAN

The following sub-section presents the project implementation plan for the Gariep Local Municipality LED Plan and is presented per strategic pillar. Projects are shown in standardised table format, which is aligned to the presentation of projects in the Gariep IDP for ease of integration. It is important to note that projects are *not* listed or referenced in order of priority or importance.

3.9.1 SMME Development and Support

| PROJECT NO. | PROJECT NAME | IDP PROGRAM ALIGNMENT | IMPLEMENTING AGENT | SOURCE OF FUNDING | | | BUDGET AMOUNT ('000) | | | | |
|-------------|--|----------------------------|--------------------|-------------------|-----|-------|----------------------|---------|---------|---------|---------|
| | | | | INTERNAL | MIG | OTHER | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
| SDS09/01 | SMME Projects | Local Economic Development | Gariep LM | X | | X | 80 | 100 | 100 | 120 | 150 |
| SDS09/02 | Economic infrastructure for informal traders | Basic Service Delivery | Gariep LM | | X | | | | 500 | 1500 | |
| SDS09/03 | Support for existing government projects | Local Economic Development | Gariep LM | X | | X | 50 | 75 | 100 | 100 | 150 |
| SDS09/04 | Develop SMME Plan | | Gariep LM | X | | | | | 200 | | |
| SDS09/05 | SMME Helpdesk | | Gariep LM | X | | | 20 | 20 | 20 | 20 | 20 |
| SDS09/06 | Satellite FET College | | Gariep LM | X | | X | | 500 | 1000 | | |
| SDS09/07 | Value chain analysis | | Gariep LM | X | | | 130 | 60 | | | |
| SDS09/08 | Local procurement and supply chain policies | Institutional Analysis | Gariep LM | X | | | - | - | - | - | - |
| SDS09/09 | Support LED Forum | Local Economic Development | Gariep LM | X | | | 5 | 5 | 5 | 5 | 5 |

3.9.2 Infrastructure Prioritization

| PROJECT NO. | PROJECT NAME | IDP PROGRAM ALIGNMENT | IMPLEMENTING AGENT | SOURCE OF FUNDING | | | BUDGET AMOUNT ('000) | | | | |
|-------------|------------------------------------|------------------------|--------------------|-------------------|-----|-------|-------------------------------|---------|---------|---------|---------|
| | | | | INTERNAL | MIG | OTHER | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
| IP09/01 | Road and street maintenance | Basic Service Delivery | Gariep LM | X | X | X | As per IDP Budget allocations | | | | |
| IP09/02 | Taxi Rank development | | Gariep LM | | X | X | | | | 1000 | |
| IP09/03 | Rubbish bins | | Gariep LM | X | | | 4 | 5 | 5 | | |
| IP09/04 | Signage | | Gariep LM | X | | X | | | 100 | 150 | 100 |
| IP09/05 | Maintenance and upgrading of towns | | Gariep LM | X | X | | 350 | 470 | 450 | 410 | 500 |
| IP09/06 | ICT programme | | Gariep LM | X | | X | | | 500 | 500 | 500 |
| IP09/07 | Airstrip upgrade | | Gariep LM | X | X | X | | 500 | 1200 | 3000 | 3000 |
| IP09/08 | Land purchase | | Gariep LM | X | | | | 1000 | | | |
| IP09/09 | 1-Stop Centre | | Gariep LM | X | | X | | | | 900 | 1100 |

3.9.3 Institutional Development

| PROJECT NO. | PROJECT NAME | IDP PROGRAM ALIGNMENT | IMPLEMENTING AGENT | SOURCE OF FUNDING | | | BUDGET AMOUNT ('000) | | | | |
|-------------|--|------------------------|--------------------|-------------------|-----|-------|----------------------|---------|---------|---------|---------|
| | | | | INTERNAL | MIG | OTHER | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
| ID09/01 | Red tape reduction programme | Institutional Analysis | UKDM | | | X | - | - | - | - | - |
| ID09/02 | Skills audit | | Gariep LM | X | | | | 100 | | | |
| ID09/03 | Filling of vacant positions | | Gariep LM | X | | | - | - | - | - | - |
| ID09/04 | Skills retention strategy | | UKDM | | | X | - | - | - | - | - |
| ID09/05 | Awareness campaign around government processes | | Gariep LM | X | | | | 90 | 15 | 15 | 15 |
| ID09/06 | Tourism training and awareness | | Gariep LM | X | | X | 100 | 100 | 150 | 150 | 200 |
| ID09/07 | Support LTO and CTOs | | Gariep LM | | | X | 50 | 50 | 50 | 50 | 50 |

3.9.4 Agriculture and Agro-processing Sector Development

| PROJECT NO. | PROJECT NAME | IDP PROGRAM ALIGNMENT | IMPLEMENTING AGENT | SOURCE OF FUNDING | | | BUDGET AMOUNT ('000) | | | | |
|-------------|--|----------------------------|--------------------|-------------------|-----|-------|----------------------|---------|---------|---------|---------|
| | | | | INTERNAL | MIG | OTHER | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
| AA09/01 | Irrigation scheme feasibility | Local Economic Development | Gariep LM | | | X | 50 | 200 | | | |
| AA09/02 | Fish farming | | Gariep LM | X | | X | | | 851 | 141 | 8 |
| AA09/03 | Niche crop feasibility studies | | Gariep LM | X | | | 250 | | | | |
| AA09/04 | Game farming | | Gariep LM | X | | X | - | - | - | - | - |
| AA09/05 | Agro-processing feasibility study | | Gariep LM | X | | | | 275 | | | |
| AA09/06 | Agricultural profile of emerging farmers | | Gariep LM | X | | X | | | 250 | | |
| AA09/07 | Mentoring programme for emerging farmers | | Gariep LM | X | | X | 150 | 175 | 200 | | |

3.9.5 Tourism Sector Development

| PROJECT NO. | PROJECT NAME | IDP PROGRAM ALIGNMENT | IMPLEMENTING AGENT | SOURCE OF FUNDING | | | BUDGET AMOUNT ('000) | | | | | |
|-------------|---|----------------------------|--------------------|-------------------|-----|-------|----------------------|---------|---------|---------|---------|--|
| | | | | INTERNAL | MIG | OTHER | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | |
| TD09/01 | Tourism baseline study | Local Economic Development | Gariep LM | X | | X | | 350 | | | | |
| TD09/02 | Oviston Visitors centre | | Gariep LM | X | | X | 200 | 500 | 1000 | 350 | | |
| TD09/03 | Grading of accommodation | | Gariep LM | X | | | - | - | - | - | - | |
| TD09/04 | Calendar of events | | Gariep LM | X | | | 20 | 10 | 10 | 10 | 10 | |
| TD09/05 | Tourism route development | | Gariep LM | X | | | | 280 | 130 | 100 | 100 | |
| TD09/06 | Development of Gariep for business people | | Gariep LM | X | | X | | | | 500 | | |
| TD09/07 | Regeneration projects for small towns | | Gariep LM | X | X | X | | 1000 | 1500 | 1500 | 500 | |

3.9.6 Strategic Partnerships

| PROJECT NO. | PROJECT NAME | IDP PROGRAM ALIGNMENT | IMPLEMENTING AGENT | SOURCE OF FUNDING | | | BUDGET AMOUNT ('000) | | | | |
|-------------|---------------------------------------|----------------------------|-------------------------------|-------------------|-----|-------|----------------------|---------|---------|---------|---------|
| | | | | INTERNAL | MIG | OTHER | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
| SP09/01 | Partnership with Karoo Municipalities | Local Economic Development | Gariep LM, Development Agency | X | | X | - | - | - | - | - |
| SP09/02 | Lake !Gariep Initiative | Institutional Analysis | Gariep LM | X | | X | 3000 | 3000 | 3000 | 5000 | 5000 |
| SP09/03 | Partnership with existing routes | | Gariep LM | X | | | - | - | - | - | - |
| SP09/04 | Gariep Website | | Gariep LM | X | | | 17 | 12 | 12 | 12 | 12 |
| SP09/05 | Tri-District Gariep Dam Development | | Gariep LM, Development Agency | X | | X | - | - | - | - | - |
| | | | | | | | | | | | |

3.10 MONITORING AND EVALUATION FRAMEWORK

Annexure A provides a template for the monitoring and evaluation framework that should be used to monitor the progress of the implementation of the identified LED projects on either a quarterly or annual basis.

The monitoring and evaluation framework is based on the SDBIP (recommended by the Department of Local Government and Traditional Affairs) and is used to track progress made on prioritised projects identified by stakeholders through a consultative process. The monitoring and evaluation framework covers the period 2010/11 to 2014/15.

ANNEXURE A:

Benchmarking against LED Best Practice

ANNEXURE A: BENCHMARKING AGAINST LED BEST PRACTICE

BENCHMARKING AGAINST LED BEST PRACTICE

For the successful implementation of the Gariep LED Plan it is necessary to ensure that it meets the benchmarking criteria set out by the Department of Local Government and Traditional Affairs.

This criteria used by the Department of Local Government and Traditional Affairs, is based on the national guidelines for LED as well as international LED best practice. The assessment criteria, used to benchmark the LED Plan are as follows:

| BENCHMARKING CRITERIA | DESCRIPTION |
|---|---|
| 1. Institutional Framework | This involves identifying the stakeholders' LED mandate and assessing whether the institutional structure is in line with its mandate. The human resource capacity of stakeholders is also considered as a part of this criterion, both in terms of staff numbers/vacancy rates and the qualifications/experience of appointed staff. |
| 2. Financial Resource Allocation | This criterion assesses the financial budget that the LED unit has available for LED in the Gariep Local Municipality. |
| 3. Communication & Reporting | This criterion deals with project management issues and the reporting structures that the LED unit has and should adopted to assess how effective their communication and reporting is. |
| 4. LED Strategy | This criterion involves determining whether the Gariep Local Municipalities LED plan meets the key assessment issues set out by the DLGTA. These assessment issues include: plan alignment, socio-economic review, objectives, vision etc. |
| 5. Monitoring & Evaluation | This criterion establishes what monitoring and evaluation systems the LED Unit has in place for programme or project interventions and the effectiveness of these systems. |

INDICATORS OF LED BEST PRACTICE

This section presents LED best practice in terms of each of the criteria listed above. These criteria relate exclusively to local government.

1. Institutional Framework

| INDICATOR | LED BEST PRACTICE |
|--------------------|---|
| LED Mandate | The LED Unit's mandate is clearly defined, either by law, through a Government Gazette or by the organisation's strategic vision and mission. |

| | |
|--------------------------------|--|
| Organogram | A LED Unit/Manager should be independent and not combined with the IDP function. |
| Human Resource Capacity | <ul style="list-style-type: none"> • Require dedicated staff for LED • LED staff should preferably have an economics or a business management background, a LGSETA qualification, a suitable tertiary qualification or experience in the field of LED. |

2. Financial Resource Allocation

| INDICATOR | LED BEST PRACTICE |
|-----------------------------|---|
| Budget Allocation | The LED unit requires a dedicated budget for LED interventions. |
| Funding Partnerships | If the internal budget is insufficient then LED Stakeholders should be able to identify institutions that can partner and provide financial assistance. |
| Financial Systems | Who is responsible for overseeing and disbursing project related budgets? There should be a clear financial system in place including reporting guidelines, delegated authority, etc. |

3. Communication and Reporting

| INDICATOR | LED BEST PRACTICE |
|-----------------------------------|---|
| Designated Project Manager | Each project/programme should have a dedicated project manager if the organisation is providing funding and/or other support. |
| Reporting Structure | LED unit should have a clear line of reporting, including with other LED partners and at a programme/project level. |
| Stakeholder Involvement | Each programme and project should have a clearly defined group of role-players and roles and responsibilities for each party. |

4. LED Strategy

| INDICATOR | LED BEST PRACTICE |
|-----------------|---|
| LED Plan | <ul style="list-style-type: none"> • The strategy should be aligned with national, provincial and district objectives, particularly in respect of infrastructure development. • Adequate consideration of spatial issues relevant to economic development should have been given. • There should be empirical and statistical evidence to support the main development thrust of the strategy. • The financial implications, at least as far as an indicative budget, should have been considered |

| | |
|--|--|
| | <ul style="list-style-type: none"> • Institutional factors that need to be in place to deliver the strategy should have been reviewed. • There should be evidence of adequate stakeholder and community involvement. • There needs to be clearly identified objectives whose attainment can be measured. • There needs to be an indicative time frame for the delivery of the strategy. • There should be management arrangements in place, such as a coordinating committee, a structure for reporting and an indicative format for work programmes. • Issues of improved governance relating to investment and job creation need to have been considered. • The area's comparative and competitive advantages needs to be addressed. • There should be adequate plans to provide support to small enterprises. • There should be a sustainable programme in place to stimulate the second economy and to draw this closer to the first economy. |
|--|--|

5. Monitoring and Evaluation

| INDICATOR | LED BEST PRACTICE |
|---|--|
| Key Performance Indicators Identified | LED unit should have a monitoring and evaluation framework in place including measurable key performance indicators. This is applicable at both the programme and project level. |
| KPI's Measured Regularly | KPIs should be measured on a regular basis (i.e. quarterly or annually, etc.) and measurement should be based on reliable data. |
| Evidence-Based Decision Making Evident | Evidence based decisions should be made based on the challenges and successes that are highlighted in the monitoring process. |

GARIEP LED PLAN BEST PRACTICE ASSESSMENT

| Institutional Framework | | | | | | | | |
|---|--|--------------------|----------|---------------|----------------|-------------------------|--------|--------------------|
| <p>LED Mandate: Yes</p> <p>The Municipal Structures Act (No 117 of 1998) & the Municipal Systems Act (Act 32 of 2000) provide a developmental mandate to local government. This includes a mandate for local economic development.</p> <p>The Gariiep LED unit is also responsible for: 1) coordinating LED activities and planning in Gariiep; 2) encouraging public participation in LED; 3) promoting inter-department collaboration in respect of LED and 4) implementing, monitoring and evaluating the Gariiep LED Plan.</p> | <p>Organogram: Yes</p> <p>The Gariiep organogram makes provision for a separate LED unit headed up by a LED coordinator. In practice however the LED and IDP positions are being filled by the same individual and there is no clear distinction between the LED and IDP functions.</p> | | | | | | | |
| <p>Human Resource Capacity: No</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Position</th> <th>Vacant/Filled</th> <th>Qualifications</th> </tr> </thead> <tbody> <tr> <td>LED and IDP coordinator</td> <td>Filled</td> <td>Suitably qualified</td> </tr> </tbody> </table> | | | Position | Vacant/Filled | Qualifications | LED and IDP coordinator | Filled | Suitably qualified |
| Position | Vacant/Filled | Qualifications | | | | | | |
| LED and IDP coordinator | Filled | Suitably qualified | | | | | | |
| Financial Resource Allocation | | | | | | | | |
| <p>Dedicated Budget for LED: No</p> <p>No money was allocated to the Gariiep LED unit for the 2006/07 and 2007/08 financial years. An amount of R 150,000 was allocated to the Gariiep LED unit in the 2008/09 and 2009/10 financial years for the development of an LED Plan. There should be a dedicated LED budget to assist the LED unit in implementing the Gariiep LED Plan.</p> | <p>Funding Partnerships: Yes</p> <p>The Gariiep Local Municipality has received funding from the Thina Sinako LED Support programme, UKDM, MIG, DEDEA and other departments to implement LED projects.</p> | | | | | | | |
| <p>Financial Systems: No</p> <p>LED projects budgets are usually administered by the respective agency supplying the funds with the assistance of the LED coordinator. There are presently no formal financial reporting guidelines for the Gariiep LED unit other than those required by the Gariiep Local Municipality.</p> | | | | | | | | |
| Communication and Reporting | | | | | | | | |
| <p>Designated project manager per project: No</p> <p>The LED Coordinator is responsible for LED projects being implemented by the Gariiep Local Municipality. However, due to capacity constraints, not all LED projects are directly managed by the LED Coordinator.</p> | | | | | | | | |

Reporting Structure: Yes

The LED unit reports to council through the economic and infrastructure cluster.

Stakeholder Involvement: No

There is no functional LED Forum at present however as part of the Gariep LED Plan a LED stakeholder forum is being established.

There are however functional tourism and agricultural forums.

Local Economic Development Plan

Credibility of the LED Plan: Yes

| Indicator | Best Practice | | Comments |
|---|---------------|----|---|
| | Yes | No | |
| STRATEGY ALIGNMENT | | | |
| Is plan aligned with national, provincial and district objectives particularly in respect of infrastructure and skills development? | X | | References and/or aligned to ASGISA, NSDP, JIPSA, PGDP, UKDM GDS and the UKDM LED Strategy. |
| TIME HORIZON FOR LED STRATEGY | | | |
| Is there an indicative time frame for the delivery of the strategy? | X | | 2014 is identified as the delivery target for the strategy. |
| SOCIO-ECONOMIC OVERVIEW | | | |
| Is there a socio-economic overview? | X | | The plan details critical information on the socio-economic situation in Gariep as well as the local economic performance and challenges. |
| Is there information on the demographics of the economic area? | X | | The plan details key demographic information such as population size, level of education, household income etc. |
| Is there analysis of present economic drivers in the area | X | | Priority economic sectors i.e. government and community services, transport & communication and agriculture; are identified as well as key drivers of the economy are detailed in the economic profile of the LED Plan. |
| Is there information on sector analysis? | X | | The LED Plan details each of the 9 key sector identified by the SIC classification. It also provides an overview of the tourism industry in the area. |

| | | | |
|--|---|--|--|
| Are the area's comparative and competitive advantages understood? | X | | The advantages and disadvantages of the Gariep economy are described. The presentation of advantages and disadvantages are clearly translated into evidence-based comparative/ competitive advantages in the main plan. These comparative and competitive advantages feed into the various opportunities identified within the Situation Analysis. |
| VISION | | | |
| Is there a vision articulated in the Plan? | X | | In chapter 2 of the Strategic development Framework the LED Plans vision and mission are articulated. Key elements of the vision include: fighting poverty, stimulating entrepreneurial spirit, encouraging self employment and reliance. |
| PRIORITIES, RATIONAL AND STRATEGIC GOALS | | | |
| Are the development priorities informed by the socio-economic analysis? | X | | The strategic pillars (priorities) identified are based on the opportunities in the economic potential section of the Situation Analysis Report. |
| Is there an indication of the rational around the choices of priorities? | X | | The Strategic Framework provides a discussion and overview of the various strategic pillars (priorities) as well as a description of how they align with other key policy documents. |
| Do the strategic goals relate to the specified vision? | X | | Strategic goals were developed and these speak to both the vision and the mission. |
| OBJECTIVES OF THE LED PLAN | | | |
| Are objectives specified? | X | | Six objectives are identified in the LED Plan. |
| Do these objectives relate to the strategic goals? | X | | Each objective is related to a specific strategic goal. |
| Are the objectives SMART? | X | | The 6 objectives are specific, measurable, appropriate, realistic and time based and therefore satisfy the SMART principle; however it may be difficult for the Gariep Local Municipality to track these objectives progress without reliable statistics from either StatsSA, Quantec or Global Insight data |

| STRATEGIES | | | |
|---|----------|------------|---|
| Are there well articulated strategies for achieving the specified objectives? | X | | All the specified objectives are either crosscutting or relate to specific strategic pillars. By conducting the various projects under the respective strategic pillar the specified objectives can be attained. |
| Are the strategies realistic? | X | | The identified strategies are realistic provided that funds are made available for their implementation. |
| Are there strategies in place to exploit the competitive advantages of the area? | X | | All strategic pillars and projects are related to competitive advantages identified in the Situation Analysis Report. |
| IMPLEMENTATION PLAN | | | |
| Are there action plans against objectives and goals? | | N/A | Action plans were not part of the project brief. |
| Are outcomes specified and are they related to objectives? | X | | Specific outcomes in terms of institutional arrangements and implementation mechanism are developed. By adhering to these recommendations the listed objectives can be attained. |
| Are there set out indicators and milestones along with implementation time line? | X | | The monitoring and evaluation framework sets out annual milestones for each of the prioritised projects in the Strategic Framework Report. |
| Are roles and responsibilities clearly assigned? | X | | Roles and responsibilities for both the Gariep Local Municipality and the UKDM are detailed in the implementation plan. |
| Are there indicative budgets and their sources for programmes and projects? | X | | The implantation action plan details project budgets as well as potential sources of funds for all identified projects. |
| INSTITUTIONAL ARRANGEMENTS | | | |
| Are there management and leadership structures in place for the implementation of the strategy? | X | | The Gariep LED Plan recommends the establishment of a permanent LED officer as well as the establishment of a SMME helpdesk. The Plan further seeks to utilise and strengthen existing government and intergovernmental structures. |

| | | | |
|--|---|--|--|
| Are there structures in place for monitoring and evaluating the implementing of the strategy? | X | | It is proposed that once established, the Gariep LED forum be used as a means of monitoring the implementation of the LED Plan. |
| Is the LED unit strategically placed? | X | | The LED unit is located within the municipal managers office and therefore reports directly to the MM. |
| SUPPORT FOR INVESTMENT AND JOB CREATION | | | |
| Have new sources of economic activity been identified? | X | | The LED Framework identifies 10 priority projects that, through their implantation, will lead to increased economic activity in the area. In addition there are several other projects that will stimulate economic activity. |
| Are there any plans to improve the investment climate? E.g. disaster management strategies, reducing business registration red tapes, land acquisition procedures, etc. To attract investors | X | | There are several project i.e. red tape reduction, additional land purchasing for development, awareness campaign around government process that speak directly to improving the investment climate. |
| SUPPORT FOR SMALL ENTERPRISES | | | |
| Are there specific strategies/plans to encourage new enterprises development? | X | | As a key strategic pillar of the LED Plan there are several specific projects designed to encourage new enterprise development. These include: SMME projects, value chain analysis for priority sectors and supporting existing poverty relief projects. |
| Are there strategies/plans in place to retain existing enterprises? | X | | Specific interventions to support existing enterprises include the construction of support infrastructure, providing training and upskilling, and encouraging local procurement from small local enterprises. |
| Are there plans to establish Business Development Services? | X | | The Implementation Plan proposes the establishment of a SMME helpdesk to provide business development support services. |
| INTERVENTION IN THE SECOND ECONOMY | | | |
| Are there arrangements for micro-finance? | X | | A wide range of project have been identify under the SMME Development and Support pillar that focus on providing support to the 2 nd economy. |

| | | | |
|---|---|--|--|
| Is there preferential procurement policy in place? | X | | A procurement policy in place but the Gariep LED Plan aims to strengthen this policy to ensure additional assistance to SMMEs. |
| Are there any LED related EPWP projects proposed? | X | | Reference is made to EPWP as well as the need to focus on other labour intensive projects |
| Are there any arrangements for partnerships for major investments? | X | | The Strategic Partnerships strategic pillar focus on promoting partnerships between the LM, other government departments and the private sector to encourage major investment. |
| Are there any plans for skills development and training programmes specified? | X | | The LED Plan proposes the development of a skills development plan to encourage training and skills transferring. Several projects also focus on developing skills. |
| Are there any indications of the facilitation of market information/access for local producers? | X | | There is considerable information in the Situation Analysis in respect of baseline economic information. |
| MONITORING AND EVALUATION | | | |
| Are there strategies and mechanisms in place to monitor and evaluate the effectiveness of the LED strategy? | X | | A monitoring and evaluation framework for priority project for a five year period is included in the LED Plan |
| LED POLICY/PRINCIPLES | | | |
| Is there an indication of LED policy/principles? | X | | The Situation Analysis broadly discusses what a municipalities LED policy should include and what principles should underline it. |
| OTHER | | | |
| Is there adequate consideration of spatial issues relevant to economic development? | X | | Several parts of the Gariep LED Plan contain spatial analysis. The opportunities and constraints facing the Gariep Local Municipality are also spatially illustrated. |
| Have financial implications been considered? | X | | Each project identified in the Implementation Plan has a budget allocated to it for each year up until 2014. |
| Is there evidence of adequate stakeholder and community involvement? | X | | There has been strong participation by the community, private sector, organised agriculture, and tourism and SMMEs at |

| | | |
|---|--|--|
| | | <p>both stakeholder consultation sessions held for the Gariep LED Plan. Several inputs were received at these consultation sessions and the comments have been incorporated into the final LED Plan.</p> |
| Monitoring and Evaluation | | |
| <p>Are Key Performance Indicators (KPI) in Place: Yes</p> <p>The monitoring and evaluation framework lists Key Performance Indicators (KPI) for each of the LED Plans prioritised projects. These KPIs are listed for each of the LED Plans 5 years.</p> | <p>Are KPIs Measured Regularly: Ongoing</p> <p>The monitoring and evaluation framework makes provision for measurement on an annual or quarterly basis.</p> | <p>Basis for Decision Taking: Ongoing</p> <p>This will occur on a project by project basis.</p> |

ANNEXURE B:

Proposed LED Forum Members



PROPOSED LED FORUM MEMBERS



| # | NAME | ORGANISATION | TELEPHONE # | CELLPHONE # | FACSIMILE | EMAIL ADDRESSES |
|----|----------------------|-----------------------------|--------------|--------------|--------------|--|
| 1 | Terence Anderson | Lazy Lizard B&B | 048 884 0223 | 083 283 5059 | 048 884 0223 | |
| 2 | Peter Piller | Nazereth Haven Hospice | 071 442 0071 | 078 184 5508 | 048 884 0623 | |
| 3 | Thenjiwe Ponoyi | DLGTA | 040 609 4940 | 071 602 4422 | 040 635 1161 | thenjiwe.ponoyi@dhlgtta.ecape.gov.za |
| 4 | Xolisa Manxiwa | DEDEA | 051 633 2901 | 083 393 4867 | 051 633 3117 | xolisa.manxiwa@deaet.ecape.gov.za |
| 5 | Karabo Koroba | DLGTA (CDW) | 051 653 0595 | 072 572 8634 | 051 653 0742 | |
| 6 | Thami Jacobs | | | 073 734 6610 | | |
| 7 | Thembeka Fatyela | Gariiep Tourism | 083 475 5826 | 051 653 0644 | 051 653 0644 | lmfatyela@webmail.co.za |
| 8 | Nontembeko Ben | | | 076 977 4045 | 051 653 1788 | |
| 9 | Hommtu E. Goxo | DLGTA (CDW) | 051 653 1777 | 076 683 0931 | 051 653 0056 | |
| 10 | Shedrack Makhobeng | | | 083 522 1478 | | |
| 11 | Xolile Ka Solani | UKDM | 045 979 3007 | | 045 979 3028 | xolilie.solani@gmail.com |
| 12 | N Somacala | DEDEA | 051 633 2907 | 073 426 8178 | 051 633 3117 | nomampondo.Somacala@deaet.ecape.gov.za |
| 13 | D Maqubela | ECTB | 045 979 3095 | 072 341 5587 | | duma@ukhahlamba.gov.za |
| 14 | Lorna Bodlani | GCIS | 051 653 0209 | 073 692 3811 | 051 653 0209 | burgersdorp@gcis.gov.za |
| 15 | Mr. Ngeno | DTI | 041 582 1267 | | | |
| 16 | Ziyamda Godongwona | OTP | 051 653 0209 | 083 206 5377 | 051 653 0209 | |
| 17 | Shiyiwe Bella Koloba | Eyethu Farmers | | 083 891 9919 | | |
| 18 | B Kolsba | Eyethu Farmers | 051 653 1738 | 083 891 9919 | 051 653 1738 | |
| 19 | Martin Booysen | M& G Sewing Machine Repairs | | 078 633 5635 | | |
| 20 | Zodwa Mgunculu | DoA | 051 633 3011 | 082 829 6445 | 051 633 3324 | zodwa.mgunculu@agri.ecprov.gov.za |
| 21 | Gideon T Mapete | Gariiep LM | 048 884 0034 | 082 949 4668 | 048 884 0386 | |
| 22 | Zamiwomga Jacobs | | 048 884 0034 | 082 504 6640 | 048 884 0386 | |
| 23 | Queenie Xulubana | Ikhala FET College | 051 611 0205 | 082 968 4595 | 051 611 0298 | |
| 24 | T Njengele | Ikhala FET College (CEO) | 047 873 8800 | | | |
| 25 | Pelisa Mbawu | DLGTA | 040 609 5488 | 073 623 8598 | 040 635 1484 | pelisa.mbawu@dhlgtta.ecape.gov.za |
| 26 | Pinky Mgqolosi | UKDM | 045 979 3012 | 082 537 8286 | | led@ukhahlamba.gov.za |
| 27 | Mzwandile Peme | DLGTA | 040 609 5488 | 071 689 445 | 040 635 1484 | mzwandile.peme@dhlgtta.ecape.gov.za |
| 28 | Siphokezi Dunga | | 040 635 1484 | 079 718 3579 | 040 635 1484 | sdunga@yahoo.com |
| 29 | Asavela Maqubela | Burgersdorp Museum | 051 653 1738 | 073 526 0969 | 051 653 1738 | maqubelo1@yahoo.com |
| 30 | Bennie Booysen | Jubilee Hotel | 051 653 1840 | 076 144 4442 | 051 653 1556 | bennieb@yahoo.com |
| 31 | Annesta van Biljon | Jubilee Hotel | 051 653 1840 | 078 620 0039 | 051 653 1556 | anesta78@yahoo.co.uk |
| 32 | Jaco Cloete | Gariiep Agriculture | 048 888 0001 | 082 789 2031 | 048 888 0001 | jacocloete@telkomsa.net |
| 33 | R A Koen | Gariiep Agriculture | 051 653 0781 | 082 577 4460 | 051 653 0729 | |
| 34 | Helen Cary | Gariiep LM | 051 655 0059 | 083 336 0577 | 086 658 7991 | oviston@vodamail.co.za |
| 35 | Annalie Odendall | Dept Social Development | 051 633 1600 | | 051 634 2672 | annalie.odendall@socdev.ecprov.gov.za |
| 36 | A Mzilikazi | | 051 653 0787 | | | |
| 37 | Annette Steyn | MP | 051 654 0140 | 082 323 0027 | 051 654 0140 | anett@xsinet.co.za |

ANNEXURE B:

**Monitoring and Evaluation Framework:
2010/11 – 2014/15**

ANNEXURE B: MONITORING AND EVALUATION FRAMEWORK

MUNICIPAL MANAGERS OFFICE - LED UNIT

LOW LEVEL SDBIP 2010/2011

| Key performance area | Project name | Activity | Municipal Performance Measure | 5 year target | Annual target | Municipality | Ward | 1 st Quarter | | 2 nd Quarter | | 3 rd Quarter | | 4 th Quarter | | Progress description |
|----------------------|---|--|--|---------------|---------------|--------------|--------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|----------------------|
| | | | | | | | | intended progress | actual progress | |
| | Feasibility study for agro-processing | Investigate feasibility and viability of a three (3) agro-processing industries e.g. abattoir, tannery, wool washing and spinning | Developed terms of reference for studies Service providers appointed Conduct feasibility study | 100% | 25% | Gariep | - | | | 10% | | 15% | | 5% | | |
| | Lake !Gariep Initiative | Establish functional forum between Lake !Gariep stakeholders Construction of 2 chalets at Ovstion Nature Reserve Investigate feasibility of upgrading Lake !Gariep houseboat | Identify key !Lake Gariep stakeholders Hold stakeholder meeting Identify suitable site for chalets Tender put out for the construction of chalets | 100% | 20% | Gariep | Ward 1 | 5% | | 5% | | 5% | | 5% | | |
| | Grading of accommodation establishment | Grading of at least 5 accommodation establishments | Identify 5 accommodation establishments for grading Grade 5 accommodation establishments | 100% | 20% | Gariep | All | | | 10% | | 10% | | | | |
| | Tourism training and awareness | Hold annual tourism indaba Hold two (2) tourism training sessions annually | Tourism indaba held Number of tourism training sessions held Number of attendees | 100% | 20% | Gariep | All | 5% | | 10% | | 10% | | | | |
| | Develop tourism routes and attractions | Establish one (1) tourism route linked to existing attractions | Potential route identified Tourism products along route identified Linkages created between product owners along route | 100% | 25% | Gariep | - | | | 10% | | 10% | | 5% | | |
| | Fish farming in Venterstad | Develop fish hatchery and processing plant | Appropriate site identified Tender put out for the construction of hatchery and processing plant | 100% | 33% | Gariep | Ward 1 | | | | | 33% | | | | |
| | Road and street maintenance and upgrade | Maintain, upgrade and repair roads and streets | Funding is secured Contractors are appointed | 100% | 20% | Gariep | All | | | 10% | | 10% | | | | |
| | Skills retention strategy | Provide input into the district strategy | Attend PSC meetings Attendance register Comments provided during PSC | 100% | 100% | Gariep | - | 25% | | 25% | | 25% | | 25% | | |
| | Establish and support LED Forum | Ensure the establishment and operation of the LED Forum | Terms of reference are developed Forum stakeholders are identified Convene 1st meeting | 100% | 20% | Gariep | - | 5% | | 5% | | 5% | | 5% | | |
| | Satellite FET College | Investigate the feasibility of establishing a satellite FET college in Steynsburg followed by establishing one | Developed terms of reference for study Service provider appointed Conduct feasibility and viability study | 100% | 33% | Gariep | Ward 2 | | | 33% | | | | | | |

ANNEXURE B: MONITORING AND EVALUATION FRAMEWORK

MUNICIPAL MANAGERS OFFICE - LED UNIT

LOW LEVEL SDBIP 2011/2012

| Key performance area | Project name | Activity | Municipal Performance Measure | 5 year target | Annual target | Municipality | Ward | 1 st Quarter | | 2 nd Quarter | | 3 rd Quarter | | 4 th Quarter | | Progress description |
|----------------------|---|---|--|---------------|---------------|--------------|--------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|----------------------|
| | | | | | | | | intended progress | actual progress | |
| | Feasibility study for agro-processing | Investigate feasibility and viability of a three (3) agro-processing industries e.g. abattoir, tannery, wool washing and spinning | Conduct feasibility study Deliveries for studies are met | 100% | 25% | Gariep | - | 5% | | 5% | | 10% | | 5% | | |
| | Lake !Gariep Initiative | Establish functional forum between Lake !Gariep stakeholders Construction of 2 chalets at Ovston Nature Reserve Investigate feasibility of upgrading Lake !Gariep houseboat | Service provider appointed for construction of chalets Construction progress | 100% | 20% | Gariep | Ward 1 | 5% | | 5% | | 5% | | 5% | | |
| | Grading of accommodation establishment | Grading of at least 5 accommodation establishments | Five (5) accommodation establishments identified for grading Five (5) accommodation establishments graded | 100% | 20% | Gariep | All | | | 10% | | 10% | | | | |
| | Tourism training and awareness | Hold annual tourism indaba Hold two (2) tourism training sessions annually | Tourism indaba held Number of tourism training sessions held Number of attendees | 100% | 20% | Gariep | All | | | 5% | | 15% | | | | |
| | Develop tourism routes and attractions | Establish one (1) tourism route linked to existing attractions | Linkages created between product owners along route Infrastructure along route upgraded Picnic stops developed Route marketed to tourists | 100% | 25% | Gariep | - | | | 10% | | 10% | | 5% | | |
| | Fish farming in Venterstad | Develop fish hatchery and processing plant | Service provider appointed for construction of hatchery and processing plant Construction progress | 100% | 33% | Gariep | Ward 1 | 8% | | 10% | | 10% | | 5% | | |
| | Road and street maintenance and upgrade | Maintain, upgrade and repair roads and streets | Maintenance completed | 100% | 20% | Gariep | All | 5% | | 5% | | 5% | | 5% | | |
| | Skills retention strategy | Develop skills retention strategy | - | Complete | - | Gariep | - | - | - | - | - | - | - | - | - | |
| | Establish and support LED Forum | Ensure the establishment and operation of the LED Forum | Four (4) LED forum meetings held Determine needs for strengthening the forum Way forward for the forum | 100% | 20% | Gariep | - | 5% | | 5% | | 5% | | 5% | | |
| | Satellite FET College | Investigate the feasibility of establishing a satellite FET college in Steynsburg followed by establishing one | Conduct feasibility and viability study Deliveries for studies are met Upgrade FET College premise | 100% | 33% | Gariep | Ward 2 | 5% | | 10% | | 10% | | 8% | | |

ANNEXURE B: MONITORING AND EVALUATION FRAMEWORK

MUNICIPAL MANAGERS OFFICE - LED UNIT

LOW LEVEL SDBIP 2012/2013

| Key performance area | Project name | Activity | Municipal Performance Measure | 5 year target | Annual target | Municipality | Ward | 1 st Quarter | | 2 nd Quarter | | 3 rd Quarter | | 4 th Quarter | | Progress description |
|----------------------|---|--|---|---------------|---------------|--------------|--------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|----------------------|
| | | | | | | | | intended progress | actual progress | |
| | Feasibility study for agro-processing | Investigate feasibility and viability of a three (3) agro-processing industries e.g. abattoir, tannery, wool washing and spinning | Implement recommendations | 100% | 25% | Gariep | - | 5% | | 5% | | 10% | | 5% | | |
| | Lake !Gariep Initiative | Establish functional forum between Lake !Gariep stakeholders Construction of 2 chalets at Ovstion Nature Reserve Investigate feasibility of upgrading Lake !Gariep houseboat | Construction progress Developed terms of reference for houseboat study Service providers appointed Conduct feasibility study | 100% | 20% | Gariep | Ward 1 | 5% | | 5% | | 5% | | 5% | | |
| | Grading of accommodation establishment | Grading of at least 5 accommodation establishments | Five (5) accommodation establishments identified for grading Five (5) accommodation establishments graded | 100% | 20% | Gariep | All | | | 10% | | 10% | | | | |
| | Tourism training and awareness | Hold annual tourism indaba Hold two (2) tourism training sessions annually | Tourism indaba held Number of tourism training sessions held Number of attendees | 100% | 20% | Gariep | All | | | 5% | | 15% | | | | |
| | Develop tourism routes and attractions | Establish one (1) tourism route linked to existing attractions | Linkages created between product owners along route Infrastructure along route upgraded Route marketed to tourists | 100% | 25% | Gariep | - | | | 10% | | 10% | | 5% | | |
| | Fish farming in Venterstad | Develop fish hatchery and processing plant | Construction progress Capital expenditure provided | 100% | 33% | Gariep | Ward 1 | 8% | | 10% | | 10% | | 5% | | |
| | Road and street maintenance and upgrade | Maintain, upgrade and repair roads and streets | Maintenance completed | 100% | 20% | Gariep | All | 5% | | 5% | | 5% | | 5% | | |
| | Skills retention strategy | Develop skills retention strategy | - | Complete | - | Gariep | - | - | - | - | - | - | - | - | - | |
| | Establish and support LED Forum | Ensure the establishment and operation of the LED Forum | Four (4) LED forum meetings held | 100% | 20% | Gariep | - | 5% | | 5% | | 5% | | 5% | | |
| | Satellite FET College | Investigate the feasibility of establishing a satellite FET college in Steynsburg followed by establishing one | FET College premise upgrade Opening of the FET College | 100% | | Gariep | Ward 2 | 15% | | 15% | | 3% | | | | |

ANNEXURE B: MONITORING AND EVALUATION FRAMEWORK

MUNICIPAL MANAGERS OFFICE - LED UNIT

LOW LEVEL SDBIP 2013/2014

| Key performance area | Project name | Activity | Municipal Performance Measure | 5 year target | Annual target | Municipality | Ward | 1 st Quarter | | 2 nd Quarter | | 3 rd Quarter | | 4 th Quarter | | Progress description |
|----------------------|---|--|--|---------------|---------------|--------------|--------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|----------------------|
| | | | | | | | | intended progress | actual progress | |
| | Feasibility study for agro-processing | Investigate feasibility and viability of a three (3) agro-processing industries e.g. abattoir, tannery, wool washing and spinning | Implement recommendations | 100% | 25% | Gariep | - | 5% | | 10% | | 10% | | | | |
| | Lake !Gariep Initiative | Establish functional forum between Lake !Gariep stakeholders Construction of 2 chalets at Ovstion Nature Reserve Investigate feasibility of upgrading Lake !Gariep houseboat | Construction progress Implement houseboat study recommendations | 100% | 20% | Gariep | Ward 1 | 5% | | 5% | | 5% | | 5% | | |
| | Grading of accommodation establishment | Grading of at least 5 accommodation establishments | Five (5) accommodation establishments identified for grading Five (5) accommodation establishments graded | 100% | 20% | Gariep | All | | | 10% | | 10% | | | | |
| | Tourism training and awareness | Hold annual tourism indaba Hold two (2) tourism training sessions annually | Tourism indaba held Number of tourism training sessions held Number of attendees | 100% | 20% | Gariep | All | | | 5% | | 15% | | | | |
| | Develop tourism routes and attractions | Establish one (1) tourism route linked to existing attractions | Linkages created between product owners along route Infrastructure along route upgraded Route marketed to tourists | 100% | 25% | Gariep | - | | | 10% | | 10% | | 5% | | |
| | Fish farming in Venterstad | Develop fish hatchery and processing plant | - | Complete | - | Gariep | - | - | - | - | - | - | - | - | - | |
| | Road and street maintenance and upgrade | Maintain, upgrade and repair roads and streets | Maintenance completed | 100% | 20% | Gariep | All | 5% | | 5% | | 5% | | 5% | | |
| | Skills retention strategy | Develop skills retention strategy | - | Complete | - | Gariep | - | - | - | - | - | - | - | - | - | |
| | Establish and support LED Forum | Ensure the establishment and operation of the LED Forum | Four (4) LED forum meetings held | 100% | 20% | Gariep | - | 5% | | 5% | | 5% | | 5% | | |
| | Satellite FET College | Investigate the feasibility of establishing a satellite FET college in Steynsburg followed by establishing one | - | Complete | - | Gariep | - | - | - | - | - | - | - | - | - | |

ANNEXURE B: MONITORING AND EVALUATION FRAMEWORK

MUNICIPAL MANAGERS OFFICE - LED UNIT

LOW LEVEL SDBIP 2014/2015

| Key performance area | Project name | Activity | Municipal Performance Measure | 5 year target | Annual target | Municipality | Ward | 1 st Quarter | | 2 nd Quarter | | 3 rd Quarter | | 4 th Quarter | | Progress description |
|----------------------|---|---|--|---------------|---------------|--------------|--------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|----------------------|
| | | | | | | | | intended progress | actual progress | |
| | Feasibility study for agro-processing | Investigate feasibility and viability of a three (3) agro-processing industries e.g. abattoir, tannery, wool washing and spinning | - | Complete | - | Gariep | - | - | - | - | - | - | - | - | - | |
| | Lake !Gariep Initiative | Establish functional forum between Lake !Gariep stakeholders Construction of 2 chalets at Ovston Nature Reserve Investigate feasibility of upgrading Lake !Gariep houseboat | Construction progress Implement houseboat study recommendations | 100% | 20% | Gariep | Ward 1 | 5% | | 5% | | 5% | | 5% | | |
| | Grading of accommodation establishment | Grading of at least 5 accommodation establishments | Five (5) accommodation establishments identified for grading Five (5) accommodation establishments graded | 100% | 20% | Gariep | All | | | 10% | | 10% | | | | |
| | Tourism training and awareness | Hold annual tourism indaba Hold two (2) tourism training sessions annually | Tourism indaba held Number of tourism training sessions held Number of attendees | 100% | 20% | Gariep | All | | | 5% | | 15% | | | | |
| | Develop tourism routes and attractions | Establish one (1) tourism route linked to existing attractions | - | Complete | - | Gariep | - | - | - | - | - | - | - | - | - | |
| | Fish farming in Venterstad | Develop fish hatchery and processing plant | - | Complete | - | Gariep | - | - | - | - | - | - | - | - | - | |
| | Road and street maintenance and upgrade | Maintain, upgrade and repair roads and streets | Maintenance completed | 100% | 20% | Gariep | All | 5% | | 5% | | 5% | | 5% | | |
| | Skills retention strategy | Develop skills retention strategy | - | Complete | - | Gariep | - | - | - | - | - | - | - | - | - | |
| | Establish and support LED Forum | Ensure the establishment and operation of the LED Forum | Four (4) LED forum meetings held | 100% | 20% | Gariep | - | 5% | | 5% | | 5% | | 5% | | |
| | Satellite FET College | Investigate the feasibility of establishing a satellite FET college in Steynsburg followed by establishing one | - | Complete | - | Gariep | - | - | - | - | - | - | - | - | - | |

Chapter 7: Agricultural profile:

7.1. Introduction and Overview

“ ‘n Volk wat vir sy Landbou sorg, sorg vir sy toekoms”
“a Nation who cares for its agriculture, is caring for its future”
“ Isizwe esikhathalele ezolimo, ikwasisizwe esikhathalele ikamva laso”

Mr. S.P. le Roux, Minister of Agriculture , Opening speech of the Department of Agriculture of the Free State Univeristy, 21 March 1959.

Investment in agriculture in Africa, is the only effective means of fighting poverty. In the 2008 world development report is quoted: “ for the poorest people , GDP growth originating in agriculture is about four times more effective in raising incomes for extremely good people of being GDP growth or originating outside the sector.” Food prices are increasing by the day, making it more and more difficult for the poor to provide in basic nutrition on a daily basis for the family. The time has come for the South African government and policymakers to design new frameworks for better investment and development of commercial agriculture, whereby emerging and subsistence farmers are included. The time has also come to evaluate unsuccessful agricultural development policies of the past and to focus on actionable methods and tombs to design programs and investment projects that aims to increase the productivity and performance of emerging agriculture in South Africa.

The Agricultural sector is the drive of the Gariep economy. Agricultural production however is a very complexed entity to manage as management decisions do depend on optimising a variable of factors that is never under the control of the farmer. These factors do include:

1. Climate
 - a. Rainfall
 - b. Temperature
 - c. Wind
 - d. Humidity
 - e. Atmospheric pressure
2. Unstable product prices (the farmer is a price taker, not a price maker)
3. Uncontrolled increase in input commodity prices
4. Increased technology to keep up with
5. National en International economy changes
6. Political uncertainty regarding land reform and land ownership in South Africa

Commercial farmers in Gariep, as in South Africa, is only surviving the above factors, especially the very poor economic situation since the early 1980's, for the reason that they mostly come from an advantaged, disciplined practical academic background, that allows for management decisions to diversify, mechanise and quickly adopt to changes in the economy and market. Further, commercial farmers are supported by a first world class private agricultural cooperative structure, such as manufacturers of medicine, chemicals, fertilisers, machinery, computer systems, financial systems, etc. These factors do ensure that commercial agriculture stay competitive in the world market and economy.

On the other side of the agricultural coin is the issue on how to accommodate the black emergent / small farmer, within the diversity of the issues such as:

- Lands ownership for black farmers
- Lack of knowledge and skills on agricultural production
- Lack of government support and extension
- Lack of surety and capital to enter agricultural production
- Very low level of basic literacy and education.
- Lack of access to resources / knowledge to get resources
- Poor governance on local level
- Struggle against the climatic conditions of nature

“ Despite positive political transformations in South Africa, there remain underlying inadequacies in the process and outputs associated with participatory democracies and sound governance. “ *Joe Gqabi DM: Strategic Agricultural Sector plan, UFS, 2010.*

Some common reasons for past failures of Agricultural projects :

From an own practical experience, the following reasons were listed as to why the current policy on agricultural development is unsuccessful.

- a. Most agricultural development programs do focus on doing things for people, rather than involving people to do things for themselves. With the implementation of the most projects is done with government funding, therefore becoming government projects with the aid from the people, instead of a People's project with the aid from the government.
- b. The current development policies from the Department of agriculture is focused on increased primary production. Primary production is thus increased with the help of commercial contractors, focusing on increased yields, whereby no primary market does exist. The policy focus must rather be on creating primary markets, where after primary production will be a natural outflow.
- c. The expectation is created to agricultural project beneficiaries that lots of money can be made in a short period of time. When this does not realize, people lose interest.
- d. The effect of large –scale agricultural programs (massive production of maize) rarely reach the poor. Village people are interested in projects that provides easily to their own specific need, and not to the need and benefit of the area (Gariiep / Eastern Cape) as such.
- e. Impersonal help from “outsiders” (unknown development agencies) causes suspicion and discomfort between project members.
- f. Poor people do lack both self-confidence and knowledge to approach large-scale development and changes in lifestyle.
- g. Agricultural development of uneducated people is seen more as a science, and in fact is small and of an art, the art to work with people.

- h. The methodology of transferring knowledge and skills through training is not contributing to an environment of a real transfer of skills. Most of the time too much technology is being transferred in a too short period of time.
- i. Agricultural production depends on a multitude of arrivals like weather, topography, seed quality, insects, diseases, water, climate, soil types etc. If rural farmers do master the balance between these conditions from the skills obtained through training, they normally do not have the right tools and inputs to sustain production.
- j. Adequate markets, transportation, storage, processing facilities, and price incentives do lack at most projects.
- k. Institutional arrangements like management structures; organization and business procedures are not put in place before hand and farmers do not easily understand these procedures. By large, most rural farmers are illiterate, inaccessible, powerless, unorganized, suspicious of outsiders, unaccustomed to change, unable to take risks, and convinced by lifelong experience that their situation is not likely to improve.
- l. Commercial funding is not easily extensible due to the lack of collateral security.
- m. The lack of land ownership and security of land.
- n. Some development agencies best educated in agricultural technology, often have little respect for their peasant clients and even less desire to brave the uncomfortable conditions and long working hours that successful agricultural work requires. Funding of training is becoming less and less available, and it is a struggle to get capital and especially funding for sustainable aftercare services. Because service providers are not capacitated on grassroots levels, the service is not sustainable also on grassroots level.
- o. Agricultural development in rural areas has only received intensive attention in the past decade, before this development focused on commercial and bigger projects. The resulting lack of experience with small farmers has been compounded by the tragic reluctance of many agencies to publicize their own errors or to learn from the successes of others. There is thus not much guidance or a set of rules to be followed in order to be successful.
- p. The four major resources used to produce food namely; land, water, energy and nutrition, are in a tight supply; and the growing demand for food are beginning to undermine the ecology of major food production systems.
- q. Agricultural improvement has been called "the most difficult economic task a nation can face." It is difficult but not impossible if the basic principles of supply and demand are being followed.
- r. The lack of so-called root-skills (life skills) is contributing by far the biggest to the lack of projects.
- s. The biggest problem always is the concept of changing people's attitudes. For a Western society development proposals and policies sound so logical and in common sense, but for the black Africans this changing of attitudes, culture and lifestyle is not that easy.

Several other reasons for the failure of agricultural and other development projects can certainly be listed, but we believe that these are the most important.

7.2. Methodology and logical intervention

In order to identify and understand the comparative and competitive advantages within the Gariep agricultural sector, it will be compulsory to analyse the Gariep Agricultural Sector and all its enterprises in order to design a practical competitive advantage action plan for the Gariep Local Municipality as local government for implementation to the people living in the Gariep district who wants to improve their income and quality of life through contributing to agricultural production.

In analysing the competitive advantage of the agricultural sector, it is important to identify the following two types of competitive advantage:

1. Cost Advantage
2. Differentiation Advantage

Cost advantage refers to the ability to deliver the same benefits as competitors, but at a lower cost. Differentiation advantage refers to deliveries that exceeds those of competing products.

It is also important to differentiate further between *Primary Agricultural Production* and *Secondary Agricultural Business*, in looking at Cost- and Differentiation Advantages.

Through this study, it was strived to identify the competitive advantages that could enable Gariep Agriculture to be superior in the value and price of agricultural produce, against their neighbouring competitors. The objective is also to identify and propose means whereby agricultural producers could create superior value for its customers in the market and also superior profits for itself. Within this whole process, it must also be considered on how the disadvantaged black emergent farmers will be incorporated to be part of not only a successful land reform process, but also to contribute towards basic food security and poverty alleviation.

Agricultural value chains.

In order to understand how inputs and services are brought together and being used to grow, transform, or being manufactured as a final product to be used by the consumer, a value chain analysis is used. The value chain also helps to understand business- to- business relationships that forms the link of the value chain as mechanisms for increased efficiency, and ways to enable business to increase productivity and value adding. Through a value chain analysis, and reference points for improvements in supporting services as well as the business environment can be identified in order to contribute to pro-poor initiatives and the *linking of small business with the market.*

7.3. Description of the Gariep Agricultural Resources and Capabilities

7.3.1. Physical Characteristics of the area

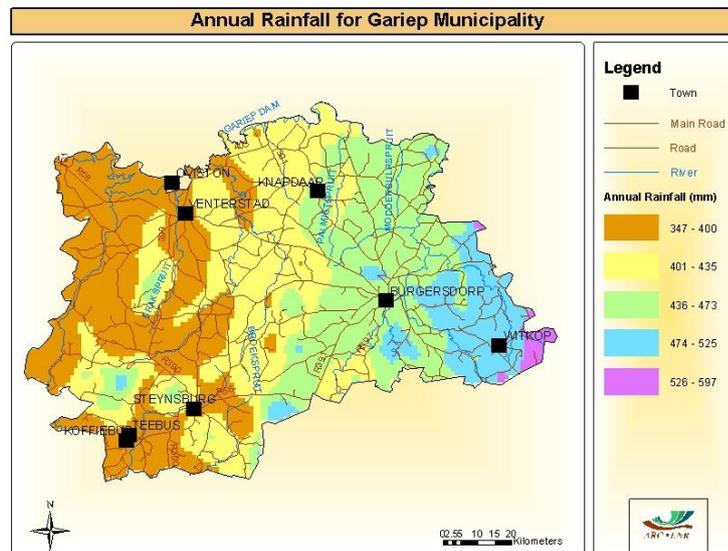
a. Land

The dominant land cover of the Gariep district is grassland. The veld type varies from a mixed to sour veld in the South Eastern parts of the Suurberge (South of Burgersdorp), to Succulent Karoo in the Western side towards and West of Steynsburg. The grassland are mostly dominated by Eragrostis Species, Themeda Traindra, Digitaria species, Aristida Species and mixed Karoo shrubland and low fynbos, e.g. *Chrysocoma ciliata* (bitterbos), *Eberlanzia ferox* (doringvygie), *Lycium cinerium* (kriebos), *Pentzia globosa*; (vaalkaroo), *Zygophyllum microphyllum*(hondepisbossie). *Hertia Pallens* (Springbok bos)

Fig.1. Land Cover in Gariep

| Land Cover Classification | Hectares | % of Total Area. |
|--|------------------|------------------|
| Barren rock | 210.41 | 0.02 |
| Cultivated: temporary – commercial dryland | 4873.16 | 0.55 |
| Cultivated: temporary – commercial irrigated | 5876.86 | 0.67 |
| Degraded: Shrubland and low fynbos | 9892.49 | 1.12 |
| Dongas and sheet erosion scars | 745.71 | 0.08 |
| Forest plantations | 404.56 | 0.05 |
| Improved grassland | 1416.08 | 0.16 |
| Mines and quarries | 30.58 | 0.01 |
| Shrubland and low fynbos | 558268.45 | 63.39 |
| Thicket and bushland | 15228.24 | 1.73 |
| Unimproved grassland | 270047.10 | 30.66 |
| Urban / built-up land: Industrial transport | 5.55 | 0.01 |
| Urban / built-up land: residential | 802.95 | 0.09 |
| Waterbodies | 12783.11 | 1.45 |
| Wetlands | 96.88 | 0.01 |
| TOTALS | 880682.13 | 100 |

d. Rainfall



7.3.2. Agricultural Land Uses

a. Inventory of current land uses and farming production

Land use in the Gariep district is mainly focused (99,06 % of the whole area) on the utilisation of extensive grazing for the production of wool and mutton sheep (fat lamb production), beef cattle production, Boer goats for slaughtering as well as Angora goats for mohair production. Ostrich production through intensive feeding in feedlots has taken off to an extent that is currently growing bigger than the ostrich industry in Oudtshoorn. Only 1.22% of the land (excluding the 97.06% grazing lands) is used as commercial dryland, or irrigation of crops. 99% of irrigation crops are utilised to supplement animal feed on the unimproved grassland.

The value chain analysis will thus focus on the following main enterprises:

- fat lamb and wool production
- Beef production
- Goat production
- Ostrich production
- Irrigation: (Lucerne and crop production)

Fig.2. Recorded totals of commercial and emerging farmers

| Category of farmer | Burgersdorp district | Venterstad district | Steynsburg district | Total Hectares |
|--------------------|----------------------|---------------------|---------------------|----------------|
| White Commercial | 89 | 23 | 74 | 857,897 |
| Black Land Reform | 16 | 34 | 24 | 8,604 |
| Commonage | 84 | 109 | 56 | 13,342 |
| TOTALS | 189 | 166 | 154 | 879,843 |

The 84 LRad beneficiaries on 8 farms, are also not making any progress towards commercial production for the following reasons to be added to those reasons listed under paragraph 1.7.

- Internal politics and family related issues regarding management and ownership
- No working capital.
- No experience and knowledge on agricultural production.
- No extension services and support form of the Department of Agriculture.
- No organised and controlled mentor programmes.

Fig 3. Analysis of farmer category and land ownership

| Category of farmers | Totals | % Land | % of farmers |
|---------------------|------------|---------------|---------------|
| White Commercial | 186 | 97.51 | 36.54 |
| LRad beneficiaries | 74 | 0.98 | 14.54 |
| Commonage farmers | 249 | 1.52 | 48.92 |
| TOTALS | 509 | 100.00 | 100.00 |

Although it is difficult to compare the total of commonage farmers with the real landowners, it is still an important indication of the huge need towards landownership and farming as a means of household income. The profile of the commonage farmers can also be described as predominantly male on age older than 50 years. The youth apparently are not interested in farming as they experience the struggle to make a living from livestock grazing on the commonage.

The vast 13,342 hectares of commonage land are also not planned, fenced, managed or orderly rented out by the Local Municipality. The poor state of overgrazing is a clear indication of this fact.

Fig. 4. Value of Agri business in LM's and JGDM*

| District | Turnover /annum | Turnover /ha | Nett Income / ha | Elundini | TOTAL JGDM |
|--------------------------|-----------------|--------------|------------------|----------|------------|
| Total Agribusiness sales | R 320m | R 560m | R 430m | R 570m | R 1,880m |
| Total Farming inputs | R 280m | R 380m | R 330m | R 380m | R 1,370m |
| % Farming business | 88% | 68% | 77% | 67% | 73% |

*Joe Gqabi Agri Sector plan, UFS, 2009.

Fig.5. Estimated agricultural turnover at farm gate*

| District | Turnover/annum | Turnover /ha |
|-------------|----------------------|-----------------|
| Gariep | R 411m | R 467/ha |
| Maletswai | R 235m | R 539/ha |
| Senqu | R 367m | R 543/ha |
| Elundini | R 435m | R 811/ha |
| JGDM | R 1,5 Billion | R 740/ha |

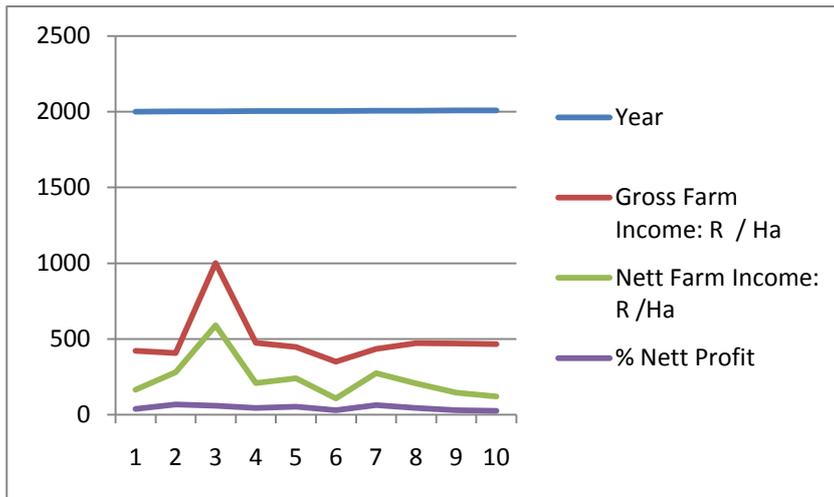
**Joe Gqabi Agri Sector plan, UFS, 2009.*

It must be taken into account that Gariep is predominantly a livestock production area, and the above turnovers can thus not be compared between districts, for example with Elundini, where mixed farming and crop production

b. Historical information on production and seasons over last 10 years. To correlate to growth trends seen in GGP data.

A projected model in comparing historical production trends over the past 10-years in Gariep

| Year | Gross Farm Income: R / Ha | Nett Farm Income: R /Ha | % Nett Profit |
|------|---------------------------|-------------------------|---------------|
| 2000 | 421 | 164 | 39 |
| 2001 | 407 | 281 | 69 |
| 2002 | 1002 | 591 | 59 |
| 2003 | 474 | 208 | 44 |
| 2004 | 447 | 242 | 54 |
| 2005 | 351 | 109 | 31 |
| 2006 | 434 | 274 | 63 |
| 2007 | 473 | 208 | 44 |
| 2008 | 470 | 146 | 31 |
| 2009 | 467 | 121 | 26 |



The annual increase of production inputs (41% average) , against the fluctuation of meat prices is clearly explained in the figures above.

7.4. Enterprise analysis

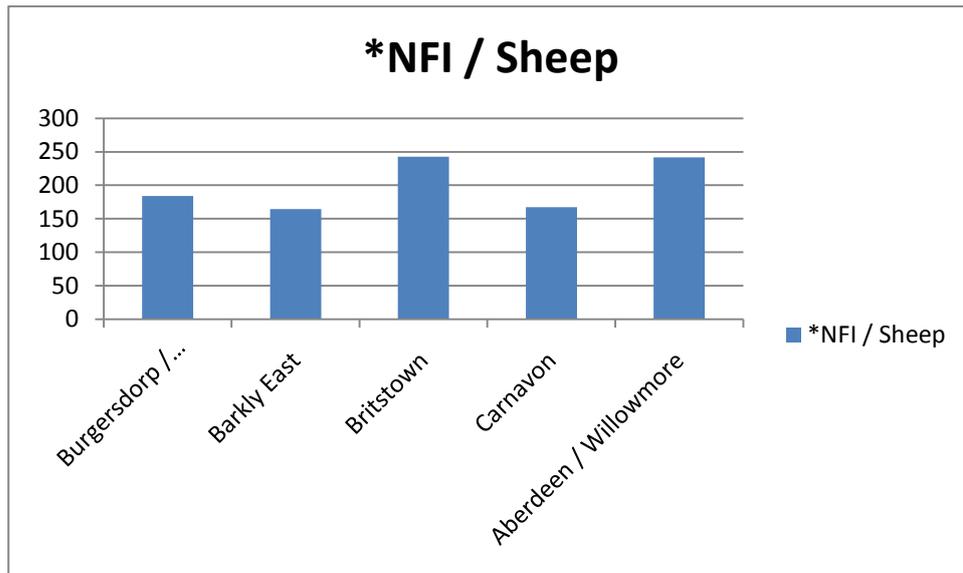
7.4.1. Sheep (Wool and Mutton)

Enterprise budget analysis (Gariep, general for mutton and wool)

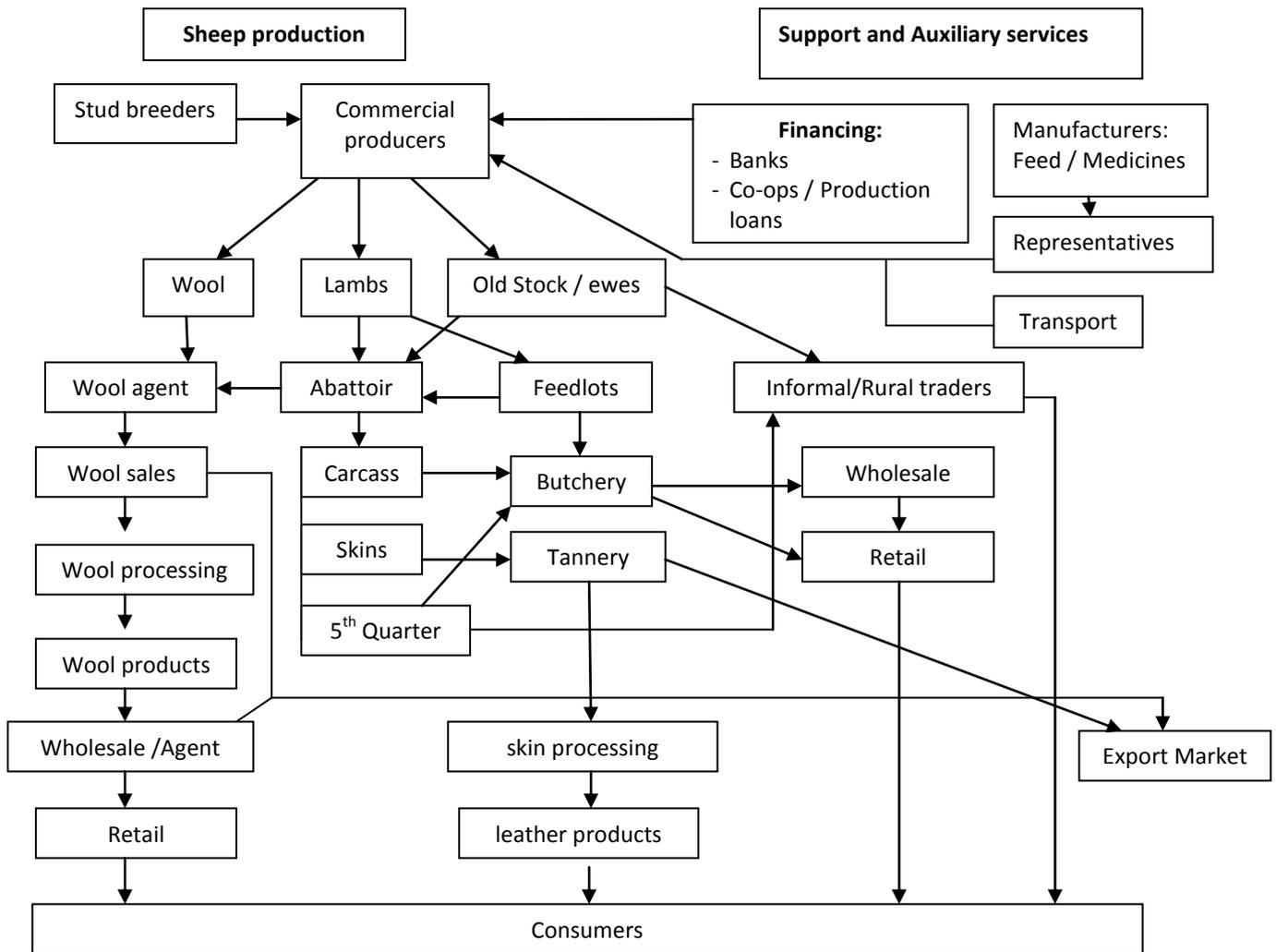
| ENTERPRISE: DORMER - WEAN AT 4 MONTHS - SELL AT 6 MONTHS - AUCTION | | | | | | |
|--|------------------|--------------|--------|------------------|--------------------|------------------|
| AREA: Gariep | LAMB % / EWE: | 100.00 | | NO. EWESS: | 100 | |
| | WEAN % / EWE: | 90.00 | | LSU / COW: | 1.63 | |
| | NO OF ANIMALS | MASS EACH | UNIT | INCOME / UNIT | VALUE | VALUE PER SLU |
| CAPITAL INCOME | | | | | | |
| OLD EWES | 25 | 65.00 | KG | R 12.30 | R 19 987.50 | |
| EWE LAMB | | 40.00 | KG | R 18.75 | R 0.00 | |
| HAMEL LAMB | 45 | 40.00 | KG | R 20.00 | R 36 000.00 | |
| RAM | 1 | 100.00 | KG | R 8.00 | R 800.00 | |
| | 71 | | | | | |
| LESS: PURCHASES | | | | | | |
| RAMS | 1 | | ANIMAL | R 2 000.00 | R 2 000.00 | |
| TOTAL CAPITAL INCOME | | | | | R 58 787.50 | R 827.99 |
| TOTAL GROSS INCOME | | | | | R 58 787.50 | R 827.99 |
| PRODUCT INCOME: | | | | | | |
| WOOL: MATURE SHEEP | 100 | 2.5 | KG | R 38.80 | R 9 700.00 | |
| WOOL: LAMBS | 90 | 2.25 | KG | R 38.80 | R 7 857.00 | |
| TOTAL PRODUCT INCOME | | | | | R 17 557.00 | R 92.41 |
| TOTAL GROSS INCOME | 190 | | | | R 76 344.50 | R 920.40 |
| LESS: DIRECTLY ALLOCATABLE COST | | | | | | |
| | | QTY | UNIT | COST PER UNIT | | |
| SHEARING COST | | 190 | SHEEP | R 1.50 | R 285.00 | R 1.50 |
| MARKETING - WOOL | | 475 | KG | R 1.72 | R 817.00 | R 1.72 |
| PACKING MATERIAL - WOOL | | 475 | KG | R 0.13 | R 61.75 | R 0.13 |
| TRANSPORTATION COST - WOOL | | 475 | KG | R 0.21 | R 99.75 | R 0.21 |
| MARKETING COST - LIVESTOCK (AUCTION) | | R 58 787.50 | % | R 0.07 | R 4 115.13 | R 0.07 |
| TRANSPORTATION - LIVESTOCK | | 71 | SHEEP | R 20.00 | R 1 420.00 | R 20.00 |
| MEDICINE COST | | 190 | EWE | R 20.00 | R 3 800.00 | R 20.00 |
| LICK AND FEED COST | | 190 | EWE | R 120.00 | R 22 800.00 | R 120.00 |
| SELF PRODUCED GRAZING COST PER EWE | | 190 | EWE | R 0.00 | R 0.00 | R 0.00 |
| TOTAL DIRECTLY ALLOCATABLE COST | | | | | R 33 398.63 | R 163.63 |
| MARGIN ABOVE COST | | | | | R 42 945.88 | R 756.77 |
| Minus Labour cost | | | | | R 8 015.67 | R 39.27 |
| Nett Farm Income | | | | | R 34 930.21 | R 183.84 |

Comparing the Nett Farm Income (NFI) for Gariep sheep production with other districts.

| District | *NFI / Sheep |
|--------------------------|--------------|
| Burgersdorp / Steynsburg | 183.84 |
| Barkly East | 164.25 |
| Britstown | 242.47 |
| Carnavon | 167.10 |
| Aberdeen / Willowmore | 241.62 |



The value chain for sheep enterprise (Mutton and wool production)



Comparing the Value adding chain:

Value chain price analysis of a 30 kg fat lamb, 6 –months weaning age:

| Link in value chain | Production cost | Gross Income | Nett income | % of Value Chain |
|----------------------|-----------------|--------------|-------------|------------------|
| Primary producer | R 252.16 | R 436.00 | R 183.84 | 17% |
| Agent commission | R 7.20 | R 24.00 | R 16.80 | 1.5% |
| Transport contractor | R 10.00 | R 20.00 | R 10.00 | 0.9% |
| Feedlot | R 592.00 | R 704.00 | R 112.00 | 10.3% |
| Abattoir | R 720.00 | R 906.00 | R 186.00 | 17% |
| Butcher / retailer | 760.76 | R 1 086.80 | R 326.04 | 30% |
| Consumer | R 1 086.80 | | | 83% |

Challenges and opportunities

Training production and wool shearing teams wool sorting

Fat lamb production

Abattoir

Niche local wool processing – spinning and knitting

Model as example to use? Meatlands op Colesberg

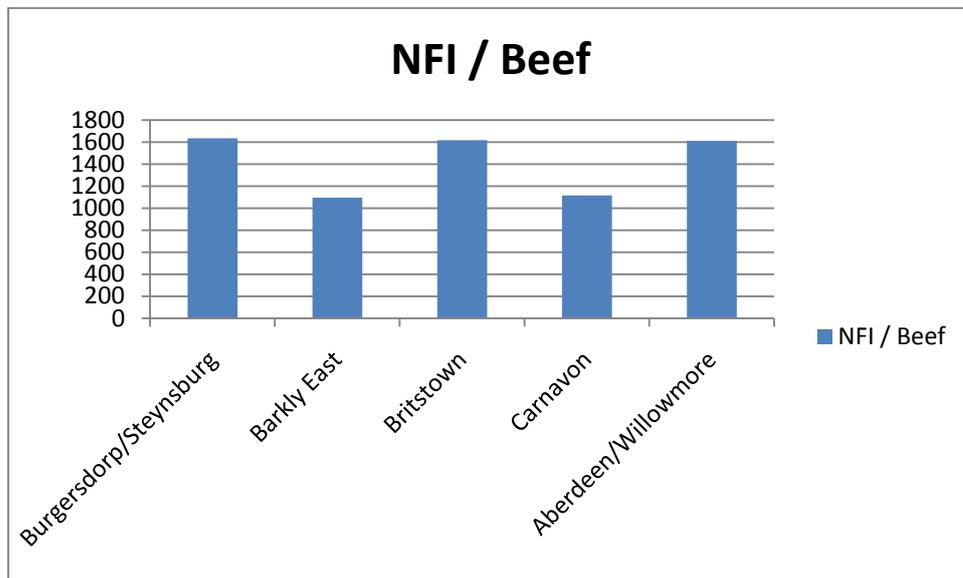
7.4.2. Beef production

Enterprise budget analysis: (Gariep)

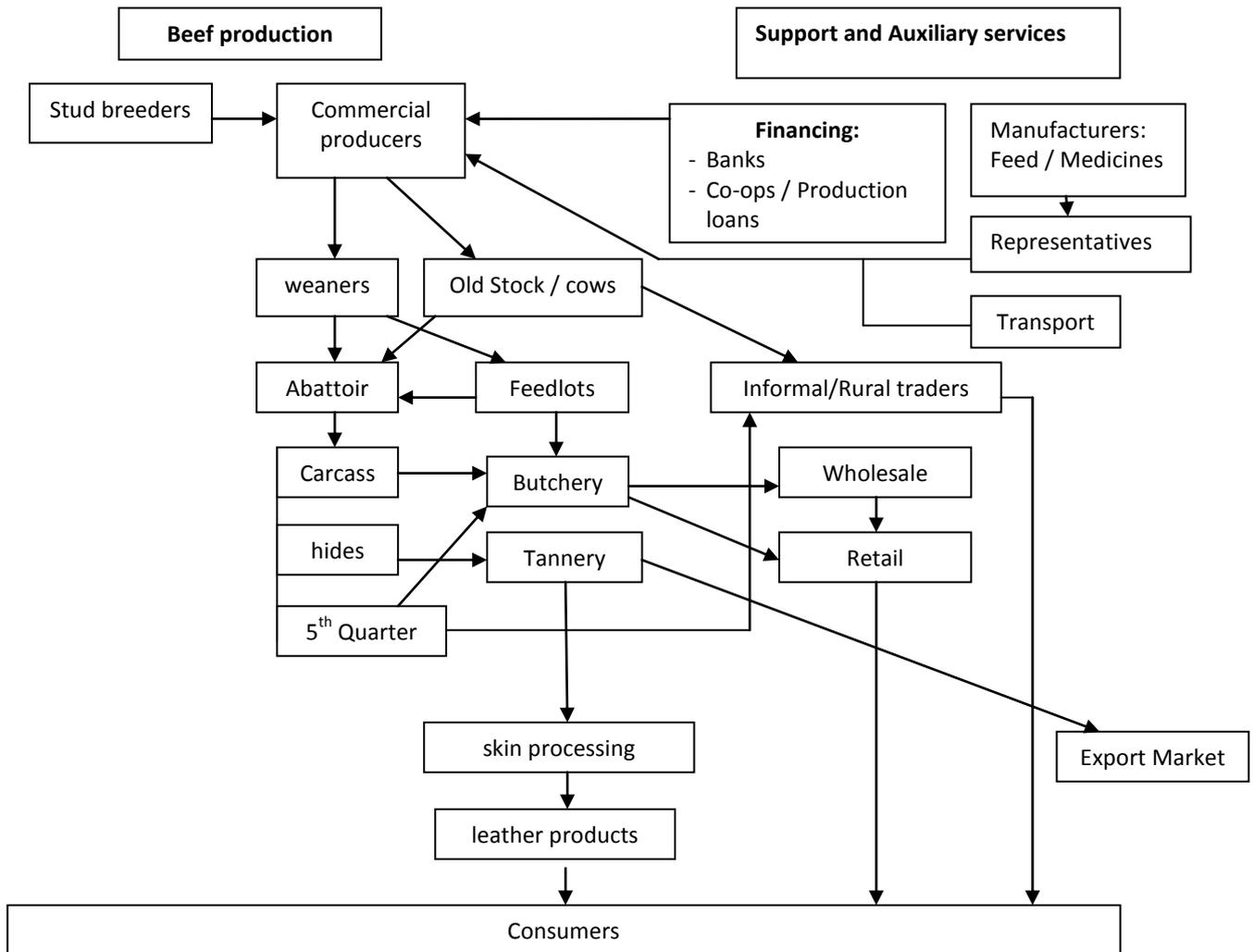
| ENTERPRISE: BEEF CATTLE - SELL WEANED CALVES AT 7 MONTHS AND EXCESS HEIFERS AT 30 MONTHS - AUCTION | | | | | | | |
|--|---------------|--------------|------------|---------------|----------------------------|--------------------------|--|
| AREA: Burgersdorp/Steynsburg | CALF % / COW: | 98.00 | | | NO. COWS: | 100 | |
| | WEAN % / COW: | 95.00 | | | | | |
| | NO OF ANIMALS | MASS EACH | UNIT | INCOME / UNIT | VALUE | VALUE PER SLU | |
| GROSS INCOME | | | | | | | |
| <u>CAPITAL INCOME</u> | | | | | | | |
| OLD COWS | 10 | 480.00 | KG | R 9.38 | R 45 024.00 | R 4 502.40 | |
| CULLED COWS | 25 | 480.00 | KG | R 8.00 | R 96 000.00 | R 3 840.00 | |
| WEANED CALF | 49 | 220.00 | KG | R 15.50 | <u>R 167 090.00</u> | R 3 410.00 | |
| TOTAL GROSS INCOME | | | | | <u>R 308 114.00</u> | | |
| LESS: DIRECTLY ALLOCATABLE COST | | | | | | | |
| | | QTY | UNIT | COST PER UNIT | | | |
| MARKETING - LIVESTOCK (AUCTION) | | R 308 114.00 | PERCENTAGE | R 0.05 | R 15 405.70 | R 183.40 | |
| TRANSPORT - LIVESTOCK | | 84 | HEAD | R 120.00 | R 10 080.00 | R 120.00 | |
| MEDICINE COST | | 100 | COW | R 120.00 | R 12 000.00 | R 120.00 | |
| GESTATION EXAMINATION | | 100 | COW | R 24.00 | R 2 400.00 | R 24.00 | |
| LICK AND FEED COST | | 100 | COW | R 427.87 | R 42 787.00 | R 427.87 | |
| SELF PRODUCED GRAZING COST PER COW | | 100 | COW | R 0.00 | R 0.00 | R 0.00 | |
| TOTAL DIRECTLY ALLOCATABLE COST | | | | | <u>R 82 672.70</u> | R 875.27 | |
| MARGIN ABOVE COST | | | | | <u>R 225 441.30</u> | <u>R 2 254.41</u> | |
| MINUS COST OF LABOUR | | | | | <u>R 63 123.56</u> | 631.24 | |
| NETT INCOME BEEF | | | | | <u>R 162 317.74</u> | <u>1623.18</u> | |

Comparing the Nett Farm Income (NFI) for Gariep Beef production with other districts.

| District | NFI / Beef |
|------------------------|------------|
| Burgersdorp/Steynsburg | 1633.32 |
| Barkly East | 1095.04 |
| Britstown | 1616.54 |
| Carnavon | 1114.07 |
| Aberdeen/Willowmore | 1610.9 |



The value chain for a Beef production enterprise



Comparing the Value Adding chain:

Value chain Price analysis of a 215 kg calve , 8–months weaning age:

| Link in value chain | Production cost | Gross Income | Nett income | % of Value Chain |
|----------------------|-----------------|--------------|-------------|------------------|
| Primary producer | R 1 502.49 | R 3 135.72 | R 1 633.23 | 19.8% |
| Agent commission | R 55.28 | R 184.28 | R 129.00 | 1.6% |
| Transport contractor | R 60.00 | R 120.00 | R 60.00 | 0.7% |
| Feedlot | R 2 046.00 | R 6 820.00 | R 4 774.00 | 58% |
| Abattoir | R 6 910.00 | R 8 070.00 | R 1 160.00 | 14% |
| Butcher / retailer | 5765.76 | R 8 236.80 | R 2 471.04 | 30% |
| Consumer | R 8 236.80 | | | 80% |

Challenges and opportunities

Notes

7.4.3. Boer goats

7.4.4. Ostriches

Ostrich production is a relative new enterprise in the Gariiep district with a lot of growing pains at the beginning stages. The following types of producers are currently operating in the Burgersdorp and Aliwal North districts.

Chicken contract producers:

These producers are farmers who are taking up a contract to raise ostrich chickens, from hatching (day old) up to 45 - 60 Kg live mass. This means that a specific price per kilogram is offered to the farmer as contract producer, whilst the farmer will risk and absorb all cost of raising the chickens as well as the cost of infrastructure. The day old chickens are provided free of charge to the contractor, but the contractor is responsible for mortalities, feeding cost and medicine cost according to certain contractual agreements. There are various options to this type of contract production and most of the current producers in Gariiep became involved in the ostrich industry this way.

Abattoir producers:

These are the producers that will buy chickens at a certain stadium of growth from other producers, and take up the cost and risk towards final finishing for the abattoir.

Private producers:

These are the producers who buy in day old chickens and raise them on own risk and expense up to the final stage of slaughtering.

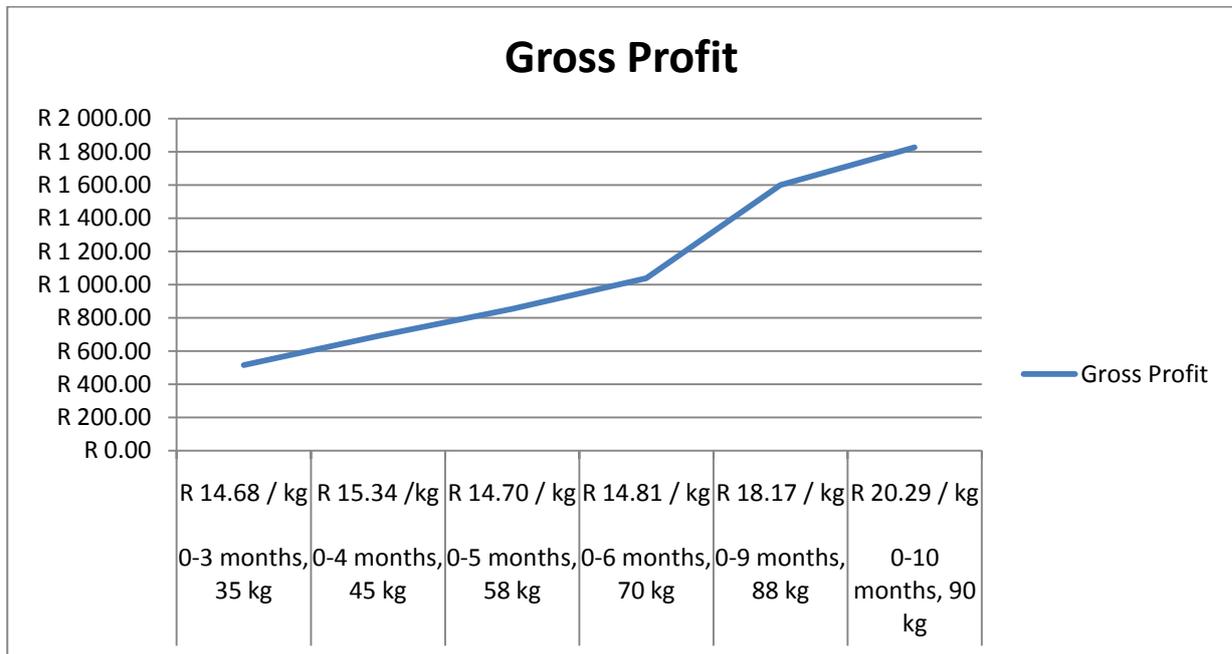
Overview of the local ostrich industry

Currently, producers do experience uncertainty about the ostrich market (2010 /2011). This is mostly due to the strong value of the SA rand and the lower demand for ostrich skins in conjunction with the world recession. The economic forecast for the industry is that the current status of the market will continue and even improve as the rand stabilise to more lower and normal levels. Some producers do not see the ostrich industry as profitable any more, whilst other producers are still positive and generating sustainable income. The ostrich industry is very difficult to enter due to the very low cash flow cycle in the beginning stages. If a producer can succeed to overcome this problem in the beginning, various other financing options becomes available. In Gariiep, some producers do feel that they are making less profits as expected, but that they do not have other alternatives and have to stay in the industry under the current uncertain economic conditions.

Production cost per chicken on various growth stadia:

The figures below are comparing the cash flow implication for producing chickens on various growth stadia:

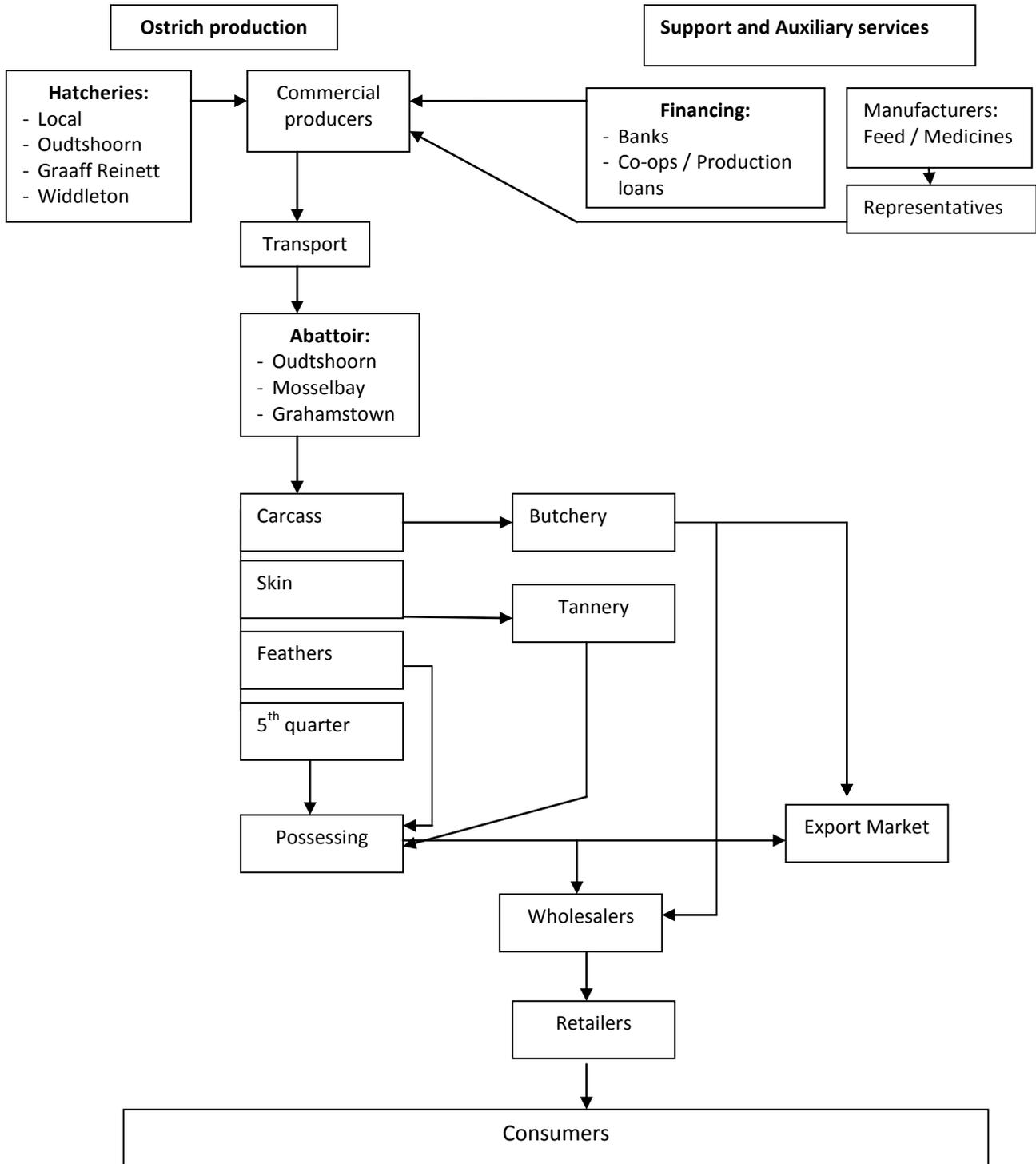
| Growth stadia | Breakeven R/kg | Gross Profit |
|--------------------|----------------|--------------|
| 0-3 months, 35 kg | R 14.68 / kg | R 514.00 |
| 0-4 months, 45 kg | R 15.34 /kg | R 690.00 |
| 0-5 months, 58 kg | R 14.70 / kg | R 853.00 |
| 0-6 months, 70 kg | R 14.81 / kg | R 1037.00 |
| 0-9 months, 88 kg | R 18.17 / kg | R 1600.00 |
| 0-10 months, 90 kg | R 20.29 / kg | R 1826.00 |



What makes Gariep special for ostrich production?

- The producers are committed to people and is acceptable to new science, technology and methods of ostrich farming. For this reason better results are achieved than in other parts of the country.
- The climactic conditions seems to be more healthy due to the low population of birds at this stage.
- Entrant producers are highly skilled with regard to management practices.
- Most entrant producers are financially sound to overcome the first production cycle cash flow problems.

The value chain for a ostrich production enterprise



Opportunities

- Fence making
- Abattoir local
- New producers to enter the market

7.4.5. Irrigated Crops

- Maize
- Lucerne

7.5. Agro-processing

Activities in the area:

- Golden pot wheat mill
- Cheese factory
- Micro tannery and processing
- Premix
- Feedpro

1. Commercial Bank Financing:

- First National Bank
- ABSA Bank
- Standard Bank

2. Manufacturers (medicines and feed):

- VENHEK (Pty) Ltd
- Premix
- Mega Feeds
- Voermol Feeds
- Molotec Feeds
- Epol Feeds
- Stromberg Voere
- Feedpro
- Pfizer (Pty) Ltd
- Bayer Health Care
- SWA Vet (Pty) Ltd
- Virbac Animal Health
- Afrivet
- Cipla Agrimed (Pty) Ltd
- Coopers Animal Health

3. Agents / representatives for manufacturers:

- BKB Ltd
- CMW
- OVK Bedryf Ltd
- CWU ?

4. Transport:

- 23 Local Transporters, e.g.:
- Roads and Transport Burgersdorp
- Van Zyl De Wet Transport
- Japie Lategan Transport
- Jaco Badenhorst Transport

5. Wool agents:

- Corporate Buyers

- BKB Ltd
- CMW
- Private Wool buyers

6. Feedlots:

- De Wetsdorp
- Private feedlots

7. Abattoirs:

- Elliot (Andrews)
- Queenstown
- Victoria-West
- Colesberg
- De Wetsdorp
- Somerset East
- East London
- Kokstad
- Durban (Cato Ridge)

8. Butcheries /Wholesalers/ Retailers:

- Venterstad Slaghuis
- Oviston General dealer
- Foodzone
- Nella's Supermarket
- Roulette Supermarket
- Albert Slaghuis
- Gigi Algemene Handelaar
- Hoofweg Kafee & Algemene Handelaar
- Nicols Supermarket
- Safari Kafee & bakery
- Steynsburg Kafee & Supermark

9. Tannery:

- Aluta Tannery CC

10. Veterinary services:

- Private Surgeons
 - Dr. Troskie, Aliwal North (Clinic in Burgersdorp)
 - Dr. Van Rooyen (Steynsburg)
- Departmental Veterinaries
 - 2 x Surgeons in Aliwal North
 - 1 x Surgeon Burgersdorp

Marketing and linkages

Challenges and opportunities

7.6. Human Resource Capacity

Skills levels within farming sector

Need for certain types of skills

7.7. Technical support

Profile existing support structures (veterinary services, farmers union, extension services)

Profile of effectiveness

7.8. Financial Support

Presence of banks, agricultural loan specialists

Presence and effectiveness of development bank, land bank, etc

7.9. Infrastructure

The provision or lack thereof infrastructure for agriculture i.e. key roads, rail services, water, sanitation, housing etc.

Chapter 8: Agricultural Competitiveness Assessment

8.1. Key opportunities

8.2. How Gariiep agriculture compares to main competitors, what factors make it competitive and others factors that don't

8.3. Categorize these factors between issues that they can influence and others that they can't (macro-economic trends etc)

8.4. Critical areas that need attention to ensure success in agricultural sub-sectors

8.5. Business models that could be replicated

8.6. Action plan for implementation